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Canada. Parliament. House of Commons. Select Special Committee on Agricultural Conditions.

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PROCEEDINGS

(*Revised*)

OF THE SELECT SPECIAL COMMITTEE

OF THE HOUSE OF COMMONS

TO INQUIRE INTO

AGRICULTURAL CONDITIONS

OTTAWA
F. A. ACLAND
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1924

AGRICULTURAL CONDITIONS

TO INQUIRE INTO

OF THE HOUSE OF COMMONS

OF THE SELECT SPECIAL COMMITTEE

(Report)

PROCEEDINGS

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MEMBERS OF THE COMMITTEE

A. R. McMASTER, *Chairman*

Bouchard, Georges	McMurray, E. J.
Caldwell, T. W.	Milne, Robert
Clifford, L. O.	Munro, E. A.
Elliott, William	Robinson, E. W.
Gardiner, Robert	Sales, Thomas
Grimmer, R. W.	Sinclair, Hon. J. E.
Hammell, W. J.	Stansell, J. L.
Lanctôt, Roch	Sutherland, Donald
McKay, Matthew	Tolmie, Hon. S. F.

S. R. Gordon, Clerk to Committee

SUB-COMMITTEES

Production.—Messrs. Bouchard (Chairman), Grimmer, Munro, Elliott and McMurray.

Marketing.—Messrs. Tolmie (Chairman), Caldwell, Milne, Hammell and Clifford.

Relative Prices.—Messrs. Sales (Chairman), McKay, Robinson, Stansell and Sinclair.

Rural Credits.—Messrs. Gardiner (Chairman), McMaster, Sutherland and Lanctôt.

ORDERS OF REFERENCE

HOUSE OF COMMONS,
WEDNESDAY, 28th February, 1923.

Resolved.—That a Special Committee be appointed to inquire into Agricultural Conditions, and that the following Members do compose the said Committee:—Messrs. Bouchard, Caldwell, Clifford, Elliott (Waterloo), Gardiner, Grimmer, Hammell, Lanctôt, McKay, McMaster, McMurray, Milne, Munro, Robinson, Sales, Sinclair (Queens), Stansell, Sutherland and Tolmie.

Attest.

W. B. NORTHRUP,
Clerk of the Commons.

WEDNESDAY, 7th March, 1923.

Ordered.—That the said Committee be given leave to report from time to time, and power to send for persons, papers and records.

Attest.

W. B. NORTHRUP,
Clerk of the Commons.

WEDNESDAY, 7th March, 1923.

Ordered.—That the said Committee be granted leave to sit while the House is in session, and that they be authorized to have their proceedings and evidence printed from day to day for the use of the Members of the said Committee, and that Rule 74 relating thereto be suspended.

Attest.

W. B. NORTHRUP,
Clerk of the Commons.

FRIDAY, 9th March, 1923.

Ordered.—That the quorum of the said Committee be five members.

Attest.

W. B. NORTHRUP,
Clerk of the Commons.

REPORTS

(Respecting the Reference)

OF THE

SELECT SPECIAL COMMITTEE

APPOINTED TO INQUIRE INTO

AGRICULTURAL CONDITIONS

FIRST REPORT

HOUSE OF COMMONS,
WEDNESDAY, 7th March, 1923.

The Special Committee appointed to inquire into Agricultural Conditions beg leave to present the following as their First Report:—

Your Committee recommend that leave be granted them to sit while the House is in session; and that they be authorized to have their proceedings and such evidence as may be taken, printed from day to day for the use of the Members of the Committee, and that Rule 74 relating thereto be suspended.

All of which is respectfully submitted.

A. R. McMASTER,
Chairman.

First Report concurred in, March 7, 1923.
(*See* Journals at page 156).

SECOND REPORT

HOUSE OF COMMONS,
THURSDAY, 8th March, 1923.

The Special Committee appointed to inquire into Agricultural Conditions beg leave to present the following as their Second Report:—

Your Committee recommend that a quorum of this Committee be five members.

All of which is respectfully submitted.

A. R. McMASTER,
Chairman.

Second Report concurred in, March 9, 1923.
(*See* Journals at page 172).

THIRD REPORT

HOUSE OF COMMONS,
WEDNESDAY, 14th March, 1923.

The Special Committee appointed to inquire into Agricultural Conditions beg leave to present the following as their Third Report:—

Your Committee beg to submit the following Resolution which they have unanimously adopted, viz.:—

"That, in the opinion of the Committee, it is advisable and in the interests of agriculture in this country, that a full and searching inquiry should be made into all aspects of the grain trade of Canada; and that for this purpose a Royal Commission should be appointed clothed with full powers, not only from the Dominion Government, but also from all Provinces desiring to co-operate in such inquiry.

All of which is respectfully submitted.

A. R. McMASTER,
Chairman.

Third Report concurred in, March 16, 1923.
(*See* Journals at page 203).

FOURTH REPORT

HOUSE OF COMMONS,
MONDAY, 23rd April, 1923.

The Special Committee appointed to inquire into Agricultural Conditions beg leave to present the following as their Fourth Report.

Your Committee beg to submit the following Resolution which they have unanimously adopted, viz:—

"Among the various subjects which have been investigated by your Committee, they desire to make a report on the question of ocean freights. It is not easy to over-emphasize the importance of cheap ocean transportation to the Canadian farmer.

Whatever advantage may have accrued to the Canadian people by the millions of money spent on the development of our internal transportation system—the building of railways, the digging of canals, the deepening of rivers—such advantage may be in a large measure nullified if freight rates from our ocean ports to foreign countries are fixed at such figures as to absorb the savings which these expenditures have obtained.

Your Committee are of the opinion that upon the regular steamship lines trading from Canadian ports the price of transportation service is determined neither by the law of supply and demand, nor on the basis of cost plus a reasonable profit, but that a combine exists among the various shipping companies, which combine is known as the North Atlantic and U. K. Conference Eastward-bound.

The headquarters of this organization are at 8-10 Bridge Street, New York, and it includes in its membership a very great number, if not all, of the principal steamship companies operating regular lines out of North Atlantic ports.

According to the witness, Mr. W. H. Chase, Atlantic freight rates are made in New York the first Thursday in every month. (See evidence of Mr. Chase, page 350). To this North Atlantic Conference belong nearly all, if not all, of the regular steamship lines running from Montreal, including the Canadian

APPENDIX No. 3

Government Merchant Marine. (See evidence of Mr. W. A. Cunningham, Traffic Manager, page 211). It will be remembered that the Canadian Government Merchant Marine, as well as the Canadian National Railways, is operated under the control of a Board, and not by a Minister of the Crown.

Subsidiary to this Conference there exists a smaller association of steamship men connected with steamship lines trading out of Montreal. This association is called sometimes the Canadian Liner Committee, and sometimes the Weekly Liner Committee. They hold meetings as a rule every Tuesday afternoon at the offices of the companies whose representatives act for the association.

The minutes of various meetings of this association, produced before your Committee, show that the lines or transportation companies constituting the association are as follows:—

Cunard, Anchor Donaldson and Thomson Lines; Canadian Pacific Ocean Services, Ltd., White Star Dominion Line; Intercontinental Transports, Ltd., (with which certain vessels of the Canadian Steamship Lines, Ltd., are associated); Furness Withy Company, McLean, Kennedy and Company; and the Canadian Government Merchant Marine, Limited.

The object of these meetings was very neatly characterized by Mr. L. A. W. Doherty, the representative of one of these lines, as being "to stabilize or keep uniform the situation of ocean transport".

It was contended by the gentleman who represented the Canadian Government Merchant Marine before the Committee that the line merely "sat in" with the rest of the steamship lines at the weekly conferences, and that it was not bound in the same manner as the others were bound to maintain rates.

A careful consideration of the evidence hardly supports this contention. It would appear that during the several years the Canadian Government Merchant Marine has been in existence, it has departed from rates so established on four different occasions—one departure, however, covering more than one shipment.

The manner in which the Liner Committee operated was as follows:—

The general rates were set at the North Atlantic and U. K. Conference in New York, but for the purpose of united action in regard to these and other matters, a weekly meeting was held, at which representatives of all the steamship lines attended. At this meeting, rates were agreed upon, and no member of the line had the right to depart from the rates so established without conferring with and warning his competitors of his intention so to do. An earnestly-worded expostulation would be directed by one member to another if this line of conduct was not followed.

This state of affairs brought about the following extraordinary result. The Government of the United States forced the Shipping Board of that country which manages the United States Governmentally-owned steamers, to make a very low rate for the transportation of flour to Europe—a rate stated by the shipping companies to be below a commercial rate. This rate applied only to flour ground in the United States. To meet this rate, the North Atlantic Conference Lines established, at a given moment, a rate of 15 cents per 100 pounds on flour ground in the United States, while they maintained a rate of 19 cents per 100 pounds on Canadian flour—a very substantial differential against our Canadian millers. To this agreement, as a member of the North Atlantic Conference, the Canadian Government Merchant Marine was a party.

The Committee feel in this regard that the vast sums spent by the Canadian people on the development of a Merchant Marine were never intended to bring about this result.

The Committee desire to bring the facts in this regard to the earnest attention of the House, and would respectfully suggest that the Minister of Railways and Canals should take the matter up with the Canadian National Railway Board for consideration and appropriate action.

It would appear that the shipping combine referred to does not include tramp steamers, which can be chartered from time to time, and among which there exists keen competition. These, however, are only available to those shippers who can load a whole steamer; neither do they take the place of regular lines which are able to effect transportation almost with the regularity of express trains, and which, therefore, offer much greater advantages to those who have to ship perishable articles to a market which wishes to have a regular supply.

The boats of the Canadian Government Merchant Marine are not of such construction as permits of their being used as cattle boats, and to convert them for this purpose would be both costly and impracticable.

Evidence was produced showing that since the commencement of the war, ocean rates on cattle had increased by 300 per cent, while the price of beef in the British market had only increased 66 per cent during the same period.

Your Committee is of the opinion that the continuance of the rates now charged inevitably must have a detrimental effect upon the export cattle trade.

Your Committee were also struck with the fact that many of the witnesses connected with transatlantic steamship lines testified that, as a rule, small cargoes were brought from Great Britain to this country, and that this fact tended to increase freight rates on Canadian eastward-bound traffic over what would be the case if a fair amount of traffic were coming westward as well as going eastward. Thus any policy which diminishes the volume of trade coming from Europe to Canada, tends to increase the cost of transportation from Canada to Europe. The attention of the House is respectfully invited to this fact, and the attention of the Government directed to the situation so created.

The whole is respectfully submitted.

A. R. McMASTER,
Chairman.

Fourth Report concurred in, June 26, 1923.
(*See* Journals at page 569).

FIFTH REPORT

HOUSE OF COMMONS,
MONDAY, 18th June, 1923.

The Special Committee appointed to inquire into Agricultural Conditions beg leave to present the following as their Fifth Report:—

OCEAN FREIGHT RATES

In their fourth Interim Report, your Committee dealt with the question of ocean freight rates, the control of the rates charged by liners trading out of Eastern Canadian ports by the North Atlantic and U.K. Conference, Eastward-bound, and the operations of the Canadian Liner Committee, sometimes called the Weekly Liner Committee.

In view of the paramount importance of this subject and of statements made in the press and elsewhere concerning the findings of your Committee, we feel that the matter merits further attention.

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That the transportation business as far as concerns ocean liners is very largely in the hands of rings or conferences is a matter which admits of no possible successful contradiction. That such rings exist is certain; whether they are on the whole beneficial or not to transportation interests and the public generally is a matter for debate. How best they can be controlled has engaged the attention of legislators in Great Britain, in the United States, and in our country for many years.

The very fabric of our modern life is woven from the interchange of goods of widely sundered nations. The exchange of such goods is effected in large part by the steamships of the world, which have, according to Mr. J. A. Salter, who during the war acted as Chairman of the Allied Maritime Transport Executive, never exceeded in number about 8,000, while those employed in manning them amount to some 450,000 and those in building them to perhaps 250,000. The total value of all the ocean-going ships in the world before the war was not more than $1,500,000,000 less than the capital invested in two British railway companies. The total amount of steel sunk in the ships lost during war was about 5,000,000 tons, which is not more than 12 per cent of the steel production of America in a single year.

These 8,000 vessels, apart from coastal craft, are divided into liners—that is to say ships which run between regular ports on regular time-tables—and tramp vessels, which go from port to port as freight presents itself for carriage. Various estimates have been given as to the division of steam vessels into these two classes. Certainly not more than half, and according to some estimators, considerably less than half, are of the liner type. The demarcation between them is by no means a fixed one. Tramps may sometimes act as liners; liners may sometimes act as tramps.

In our study of the situation we are indebted to the labours of the Royal Commission on Shipping Rings appointed by the British Government in 1906 and whose report was presented in 1909 and issued in the form of a British blue book under No. C.D. 4668.

The report contains the findings of the majority, who looked more or less with favour on the formation and operation of shipping rings, and of the minority, who looked with disfavour upon them.

To the majority report Mr. Madison, a Labour man, made a strong reservation, desiring it to be clearly understood that he did not in the least subscribe to the view that shipping rings or conferences were either necessary to, or in the interests of, trade in the United Kingdom and the Colonies. Those who signed the majority report were, in considerable numbers, connected with shipping interests, while those who signed the minority report do not appear to have had such direct or indirect interest in the matter.

FINDINGS OF THE MAJORITY OF THE COMMISSIONERS

To this end the majority of the Commissioners made the following recommendations:—

Their main recommendation was that the shippers and the merchants in a given trade should form themselves into an association, so that they might be able to present a united front to a conference or shipping ring when any controversy arose.

They further recommended that failing an amicable arrangement of difficulties between the shippers' association and the conference being arrived at, the matter should be referred to the Board of Trade, a British Governmental Department corresponding in a certain degree to our Department of Trade and Commerce, which Department should be empowered:—

"(*a*) on the application of one of the two parties to appoint some person or persons to endeavour to promote a settlement by conciliation.

"(*b*) on the application of both parties to appoint an arbitrator or arbitrators to decide the point at issue."

They further suggested that in cases where it would appear to the Board of Trade that there were good grounds for believing that important national or Imperial interests were affected, and where it had not been found possible to settle the point by conciliation, the Board of Trade should have power to appoint a person or persons to inquire into the matter and report to them, it being left to the discretion of the Board of Trade whether this report should subsequently be presented to Parliament. In considering whether they should take action in this respect, the Board of Trade should have regard to any representations made to them by any Colonial Governments interested.

They further recommend that in order that the Board of Trade might be cognizant of the position and proceedings of shipping conferences, all shipping conferences making use of the system of deferred rebates should be required to deposit confidentially with the Board of Trade:—

" (a) all conference agreements and any agreements or understandings with foreign lines or lines not in the conference;

" (b) all rebate circulars and forms for claiming rebates;

" (c) any agreement entered into with associations of merchants and shippers recognized by the Board of Trade."

The further suggestion was that all shipping conferences making use of the system of deferred rebates should be required to publish their tariff of rates and classifications of goods, and deposit copies with the Board of Trade.

To this report Lord Inverclyde made a reservation. He objected to publication of tariffs and classifications, and the supervision by the Board of Trade, and appeared to be of the opinion that the investment of British capital in shipping would not be made to the same extent if the conference system were not allowed to operate.

FINDINGS OF THE MINORITY OF THE COMMISSIONERS

The minority report was insistent upon the real object of the formation of conferences or shipping rings. They stated that:—

" The real object was to exclude competition and to raise or maintain the rates of freight. Under that system a number of shipping companies combine to secure a monopoly of a proportion of the shipping trade. They effect their object by under-cutting their competitors (if any) in freights until they have driven them away, and further by agreeing among themselves to charge the same rates of freight and to return a fixed percentage of all freight, after a certain lapse of time, to all ' loyal ' shippers, i.e., those shippers who have not shipped any goods by steamers not belonging to the ring."

They pointed out, however, that the monopoly was not an absolute one.

" The monopoly thus created is not absolute in the sense that the rings can charge any freights they like or impose whatever conditions they please upon the trade. In practice their monopoly is subject to certain limitations. The shipping conferences are generally careful, in their own interests, not to press matters to extremities."

They pointed out, however, that the monopoly, such as it is, is subject to no legal control. After laying down the principle that " all monopolies are liable to abuse, to a greater or less extent, unless they are strictly limited either by nature of the case, by legislation, or by some form of supervision "; that " there is, of course, a presumption against a monopoly in any branch of trade being

beneficial to the community"; and that "the benefits of the organization which they (the shipping companies) adopt for the purposes of their business must be valued, mainly with reference to its effect, not on the shipping companies, but on the general public," they proceed to examine the arguments which have been adduced in support of the system of shipping rings.

Having come to conclusions as to the value of such rings quite dissimilar to those of the majority, they sum up their findings, thirteen in number, as follows:—

"(1) The conference system with the deferred rebate—the natural evolution of a highly organized trade dealing with customers for the most part scattered or disorganized, has created on almost all the chief ocean routes a monopoly the limitations upon which are in many cases illusory, and which generally tend to decline;

"(2) The system was introduced in the first instance with the object of raising rates or preventing their fall and diminishing competition;

"(3) It has been successful in raising or keeping up rates;

"(4) The public have, as a rule, to pay higher rates of freight than they would pay in an open market;

"(5) The system has been injurious to 'tramps', the strongest element in the British Mercantile Marine, and it leads as to them to waste and to higher rates of freight;

"(6) The system tends to waste in various other directions owing to the manner in which the rings are constituted;

"(7) There is no satisfactory evidence that the saving in cost, if there be any, under the system of shipping rings, exceeds the waste which is due to that system;

"(9) The system tends to inflate the amount of tonnage and consequently the amount of capital invested upon which interest has to be paid;

"(10) It has diminished or tends to diminish the ports of sailing;

"(11) It gives a country such as the United States, in which the system is illegal, an advantage as compared with the United Kingdom;

"(12) It has caused in the case of South Africa diversion of British Trade;

"(13) There is no evidence that it has appreciably increased regularity of sailing or greatly improved the quality of steamers; but it has tended to bring about equality and stability of rates."

(It should be noted that No. 11 of the above does not now represent the actual facts.)

Although the minority have come to a different conclusion as to the advantages said to flow from the existence of shipping rings than have the majority, their recommendations do not, to any great extent, vary from those of the majority.

The minority lay down the general principle that such a monopoly and system as they have described should be subject to control. The control should be sought through a "system of conciliation and limited supervision by the Board of Trade." "We should prefer," they say, "to rely in the first instance upon the effect of giving facilities which do not now exist, for bringing promptly to the attention of Parliament any serious abuses, and upon organization being met to counter organization; 'conference' of shippers dealing, if possible, on something like equal terms with 'conferences' of shipowners."

It will therefore be seen that the Commissioners agreed as to the advisability of some sort of control to prevent the quasi-monopolies enjoyed by the shipping rings or conferences being turned to the disadvantage of the public.

The minority would, however, give greater opportunities for appeal to the Board of Trade than were suggested by the majority. They state: "We rely

strongly upon the effect of full publicity, which has not hitherto existed as to the working of the conferences; and one valuable check would be that the results of official inquiries would be promptly brought to the notice of Parliament. As to this also, the proposals of the majority seem inadequate. It is to be left to the discretion of the Board of Trade whether the report shall be presented to Parliament, and if so, after how long an interval. We think that the results of such an inquiry should in all cases be presented, and presented promptly while the facts are still fresh."

In their view, to ensure a fair trial of conciliation, accompanied by supervision, on the part of the Board of Trade it was at least necessary.

"(*a*) That the Board of Trade should be free to recognize any association (of shippers) which is, in its judgment, of an adequately representative character;

"(*b*) That the Board of Trade should be free to direct an inquiry with full powers as to taking evidence and the production of documents, where it appears that important public interests (including those of consumers and producers) are affected by the action of shipping conferences; or upon the representation of Colonial Governments interested that such an inquiry is expedient;

"(*c*) That a report of the nature and result of such inquiries should be presented to Parliament in all cases promptly; care, of course, being taken not to divulge information likely to be useful to actual or possible competitors;

"(*d*) That there should annually be presented to Parliament a return relating to Shipping Conferences, all conference agreements and other matters mentioned at Page 89, Paragraph 3*, of the report of the majority, extensions or changes, if any, in the areas of Conferences, their amalgamations, the changes, if any, in the terms of deferred rebates, and in the ports of sailing from the United Kingdom and Colonies, so that Parliament may be made acquainted from time to time and kept in touch with the working and development of the Conference system; care also being taken not to divulge information of the kind above mentioned."

As to the publication of tariffs and classifications we agree with the proposal of the majority.

In 1913 Sir Henry Drayton, then Mr. H. L. Drayton, K.C., Chief Commissioner of the Board of Railway Commissioners for Canada, on instructions received from the then administration, proceeded to England with the object of discussing with the Imperial authorities the question of Governmental control of the charges made by the shipping companies to the public for the carriage of ocean-borne freight.

It would appear that the suggestions made in the Report of the Royal Commission on Shipping Rings had not brought about the desired results, and that a sentiment existed in Canada that the commerce of this country was being prejudicially affected by the rates charged for ocean carriage.

The results of the visit of Sir Henry Drayton to Great Britain were reported by him in a letter dated Ottawa, October 18th, 1913, and directed to the Rt. Hon. the President and Members of the Privy Council.

The report in effect sets forth that Sir Henry Drayton had endeavoured to obtain the appointment of a joint Commission to make an investigation of, and

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*(Note: Page 89, Paragraph 3, states: "In order that the Board of Trade may be cognizant of the position and proceedings of Shipping Conferences, we suggest that all Shipping Conferences making use of the system of deferred rebates should be required to deposit confidentially at the Board of Trade,—

(a) All conference agreements and any agreements or understandings with foreign line or lines not in the conference;

(b) All rebate circulars and forms for claiming rebates;

(c) Any agreement entered into with associations of merchants and shippers recognized by the Board of Trade.

We think that this information should be accessible confidentially to all Government Departments, which, because of postal or cargo contracts or for any other reason may be interested").

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report upon, methods and practices, rates and charges of ocean carriers doing business between ports in the United Kingdom and ports in the Dominion, as well as the charges of terminal companies or port authorities in both places, through which traffic passed, as well as to investigate into insurance charges or other expenses which had to be borne by the shippers from both countries. It was further represented that such commission should recommend what, if any, legislation the Commission deemed advisable should be passed by the Imperial Parliament, by the Parliament of Canada or by both.

In answer to the representations made by Sir Henry Drayton, the British Board of Trade declined to create such commission, on the ground that the Dominions Royal Commission (**) were already investigating the matter of freight rates, which subject had been referred to them, but that his Majesty's Government was prepared, if desired, to communicate with the Dominions Royal Commission for the purpose of informing them of the desire of the Canadian Government that the subject of shipping freights between Canada and the United Kingdom should be investigated with as little delay as possible.

Sir Henry Drayton expressed his opinion that if the Dominions Royal Commission could take the matter up and make an interim report on it, if necessary, he did not think the inquiry could be in better hands.

On receiving this advice from the British Government Sir Henry Drayton waited on the Chairman of the Dominions Royal Commission and learned from him that the question of transportation within the empire was one which that Commission had already taken some evidence upon, and that the Commission would be in Canada the next August.

The report of Sir Henry Drayton then proceeds as follows:—

INVESTIGATION NECESSARY

"Notwithstanding the information which I received from the Conference lines, I am still of the view that an investigation should be held.

For the western movement, the lines forming part of the Conference which are the Allen Line, the Canadian Northern Steamship Railway Lines, the Canadian Pacific Railway Steamship Lines, the Cunard Line, the Dominion Line, the Donaldson Line, the Furness Line, the Manchester Liners, and Thompson Line, issue a tariff for the different seasons, the tariff being drawn to include general minimum rates on practically all, or at least on the chief commodities moving. These minimum rates, so-called, are practically the maximum rates that the lines obtain, and the shipper is in a position to know, as in my view he should always know, what the rate will be on a given commodity within a given period. No such rates are issued in so far as the eastern movement is concerned, but weekly lists are issued from time to time so that it may be entirely impossible for the Canadian shipper to know what his rates on flour or wheat may be in a month's time. I have been unable to at all convince the Conference that this is an improper practice in so far as the eastern movement is concerned. The advanced reason why the admitted convenience can be given to the shipper shipping west is that there is never a scarcity of room on the western movement, while there may be a scarcity of space on the eastern movement. The position of the companies shortly is that, with the higher amount of business offering, and the possibility of shortage in boat accommodation, the companies should be allowed to take advantage of the shortage and charge a greater rate for handling the large than would be charged for handling the

**(Note) The Dominions Royal Commission were appointed by the British Government on the 15th April, 1912. Among other objects they were instructed to inquire into and report upon the trade of Canada, Australia, New Zealand, South Africa and Newfoundland with the United Kingdom, each other and the rest of the world.

smaller amount. This practice the companies claim to be necessary. Whether it is necessary or not, it is certainly injurious to Canadian exporters, and is entirely against the usual basis of rate adjustments, at least so far as a land haul is concerned."

Further on the report proceeds:—

DEMAND FOR INVESTIGATION JUSTIFIED

"The demand for investigation made by the Canadian Government, and acceded to as above noted by the Imperial authorities, is therefore justified by the exigencies of the traffic moving in either direction.

"The position when action was taken by your honourable body was that steamship conferences were effective so that no competition was afforded beyond the sporadic competition that the tramp freight boat affords. Competition of this character affords no protection whatever to shippers requiring regular shipments in less than cargo lots. In my view, such a condition practically eliminates all competition and requires come governmental control."

GOVERNMENTAL CONTROL DIFFICULT

"The matter of governmental control is difficult. Certain conditions which apply to railways do not apply to ocean carriers. The carrying unit is a fixed unit. For this reason the sections of the Railway Act which prevent discrimination cannot well be applied. It would be against the interests not only of the carriers, but in the long run, of the commerce of the country, if a boat, being unable by reason of the state of the market to obtain a proper cargo at regular rates, could not be loaded with goods which would only move by reason of the special inducement that a cut at the last hour, having reference to that particular sailing, affords.

"On the other hand, as at present advised, there would seem to be no reason why standard maximum rates should not be fixed by an independent authority, and that no increase should be allowed in standard maximum rates except with the consent of that authority."

It is now desirable to make reference to the findings of the Dominions Royal Commission concerning freight rates.

The position of the shipping companies is set forth at Page 310 of the Final Report of the Dominions Royal Commission, the views of the Commissioners being expressed as follows:—

"586. In most countries of the world steps have been taken to supervise or control railway rates, but when it is urged that ocean freight rates should be controlled in the same manner as are railway rates, the reply has been that steamship companies are on an entirely different footing from railway companies. The latter, it is said, enjoy a monopoly, whereas the former do not.

"This view was strongly put forward in the evidence tendered to us by the Secretary of the Liverpool Steamship Owners' Association. He urged that rates of freight must, in the last resort, be governed by the laws of supply and demand, and that it was impossible for shipowners in the long run to fix rates which it was unreasonable for producers to bear. In his view it was impracticable to take any action towards controlling freight rates unless the Governments concerned were ready either to grant special privileges to shipowners, e. g., to guarantee minimum shipments, or themselves to engage in the carrying trade.

"587. The distinction between railway companies and steamship owners, is, we think, founded on fact. As a general rule each country reserves its coasting trade to its own nationals (though the United Kingdom is a notable exception), but the ports of the world are free for oversea trade to ships of all flags.

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The world's carrying trade is conducted by a comparatively small number of liners and a number of tramps nearly 12 times as large.** If the rates on any given route are fixed too high by the owners of the liners, there is obviously great inducement for the tramp owners to enter the trade and secure a share in the high profits prevailing, with the result that the rates must fall. At the same time, it cannot be denied that the opinion is largely held that the argument of the steamship owners is vitiated by their practice.

"It is contended that on many trade routes shipowners have been able to combine and in practice to create a virtual monopoly. It is pointed out that this monopoly takes various forms and is secured by various means, all of which were set out after full investigation by the Royal Commission on Shipping Rings in 1909. So far, however, no action has been taken on any of the findings of that Commission. Your Majesty's Government has not yet been convinced of the necessity, or, if convinced, has not yet found the time, to take the matter in hand, in spite of the representations made by more than one Dominion Government."

It is interesting to note that in the view of the Dominions Royal Commission, no action has been taken on any of the findings of the Royal Commission on Shipping Rings, which have already been set forth in this report. Nevertheless, the Dominions Royal Commission came to the conclusion that there was a need for supervision. Their views on this point are found on Page 311 of their Final Report, Paragraph 588;

"588. Our investigations have satisfied us that in normal times the combination of shipowners is strong enough to limit the freedom of shippers, whose varied and detached interests make it difficult, if not impossible, for them to combine in any effective opposition, and that, therefore, in principle, it is not desirable that the operations of the steamship companies should remain longer without some measure of Government supervision."

It is interesting to note that the United States authorities have come to conclusions differing little, if at all, from those arrived at by the various Commissions above referred to.

In 1914 a Committee of the United States House of Representatives which had been investigating questions connected with shipping rates and combinations, put forward the following proposals. These are quoted on page 313 of the Final Report of the Dominions Royal Commission, as follows:—

"(1) That navigation companies engaged in the foreign trade should be brought under the supervision of the 'Inter-State Commerce Commission' as regards the regulation of rates, and generally the conditions of water transportation which affect the interests of shippers.

"(2) That all carriers engaged in the foreign trade should be required to file for approval with the Inter-State Commission, copies of all written agreements (or memoranda of oral understandings) with other steamship companies, or with American shippers, railroad and transportation agencies, together with any modifications or cancellations.

" (3) That the Inter-State Commerce Commission should be empowered to order cancellation of any such agreements found to be discriminating or unfair. or detrimental to the commercial interests of the United States.

" (4) That the Inter-State Commerce Commission should be empowered to investigate fully complaints regarding the unreasonableness or unfairness of rates, or to institute proceedings on its own initiative, and to order such rates to be changed if unreasonably high or discriminating.

**(Note: Estimates vary as to the proportion of liner tonnage to the whole; it may be as much as one-half or as low as one-fifth. Sir J. Maclay, in giving evidence before the Royal Commission on Shipping Rings, estimates the proportion at 33 per cent.)

" (5) That this supervision should extend to freight classifications and to complaints relating to the adjustment of rates between classes of commodities

" (6) That rebating of freight rates and discrimination between shippers or ports, should be prohibited.

" (7) That the Inter-State Commission should be empowered to investigate fully all complaints charging (*a*) failure to give reasonable notice, (*b*) unfair treatment of shippers in the matter of cargo space, (*c*) the existence of discriminating or unfair contracts with certain shippers, (*d*) unfairness in the settlement of claims, and indifference to the landing of freight in proper condition.

" (8) That the use of ' fighting ships '* and deferred rebates be prohibited both in the export and import trade of the United States, and that carriers should be prohibited from retaliating against shippers by refusing space accommodation when available."

Such proposals were followed by legislation in the United States. (See chapter 451 of the First Session of the Sixty-Fourth Congress, 1916.) We excerpt from this Act section 15, as one of special interest to Canadians insofar as in the North Atlantic and United Kingdom Conference, the system of rebates has not been in operation for some years.

The Act reads as follows:—

" That every common carrier by water, or other person subject to this Act, shall file immediately with the board (the United States Shipping Board) a true copy, or, if oral, a true and complete memorandum, of every agreement with another such carrier or other person subject to this Act, or modification or cancellation thereof, to which it may be a party or conform in whole or in part, fixing or regulating transportation rates or fares, giving or receiving special rates, accommodations, or other special privileges or advantages, controlling, regulating, preventing or destroying competition; pooling or apportioning earnings, losses or traffic; allotting ports or restricting or otherwise regulating the number and character of sailings between ports; limiting or regulating in any way the volume or character of freight or passenger traffic to be carried; or in any manner providing for an exclusive preferential, or co-operative working arrangement. The term ' agreement ' in this section includes understandings, conferences and other arragements.

" The Board may by order disapprove, cancel, or modify any agreement, or any modification or cancellation thereof, whether or not previously approved by it, that it finds to be unjustly discriminatory or unfair as between carriers, shippers, exporters, importers, or ports, or between exporters from the United States and their foreign competitors, or to operate to the detriment of the commerce of the United States, or to be in violation of this Act, and shall approve all other agreements, modifications, or cancellations.

" Agreements existing at the time of the organization of the Board shall be lawful until disapproved by the Board. It shall be unlawful to carry out any agreement or any portion thereof disapproved by the Board.

" All agreements, modifications, or cancellations made after the organization of the Board shall be lawful only when and as long as approved by the Board, and before approval or after disapproval it shall be unlawful to carry out in whole or in part, directly or indirectly, any such agreement, modification or cancellation.

" Every agreement, modification or cancellation lawful under this section shall be excepted from the provisions of the Act approved July second, eighteen

*(Note: The term "Fighting ship" means a vessel used in a particular trade by a carrier or group of carriers for the purpose of excluding, preventing or reducing competition by driving another carrier out of the trade).

hundred and ninety, entitled 'An Act to protect trade and commerce against unlawful restraints and monopolies,' and amendments and Acts supplementary thereto, and the provisions of sections seventy-three to seventy-seven, both inclusive, of the Act approved August twenty-seventh, eighteen hundred and ninety-four, entitled 'An Act to reduce taxation, to provide revenue for the Government, and for other purposes,' and amendments and Acts supplementary thereto.

"Whoever violates any provision of this section shall be liable to a penalty of $1,000 for each day such violation continues, to be recovered by the United States in a civil action."

Before passing from this phase of the subject, we may also state that in June, 1920, the Rt. Hon. Mr. Lloyd George, then Prime Minister of Great Britain, appointed by virtue of a resolution passed by the Imperial War Conference of 1918, a Committee called the Imperial Shipping Committee, "(1) To inquire into complaints from persons and bodies interested with regard to ocean freights, facilities and conditions in the Inter-Imperial trade or questions of a similar nature referred to them by any of the nominating authorities, and to report their conclusions to the Governments concerned. (2) To survey the facilities for Maritime transport on such routes as appear to them to be necessary for trade within the Empire, and to make recommendations to the proper authority for the co-ordination and improvement of such facilities with regard to the type, size and speed of ships, depth of water in locks and channels, construction of harbour works, and similar matters."

This Committee reported on the 3rd of June, 1921, to the effect that a central body should be formed for the following purposes:—

"(a) To perform such duties as may be entrusted to them under laws in regard to Inter-Imperial shipping, applicable to the whole or to important parts of the Empire.

"(b) To inquire into complaints in regard to ocean freights and conditions in inter-Imperial trade or questions of similar nature referred to them by any of the Governments of the Empire.

"(c) To exercise conciliation between interests concerned in Inter-Imperial shipping.

"(d) To promote co-ordination in regard to harbours and other facilities necessary for Inter-Imperial shipping."

To this end the Committee sketched a constitution for such a body which they deemed should be called the Imperial Shipping Board.

On the 9th of December, 1922, the Imperial Shipping Committee presented a final report on the deferred rebate system. In this report they differ but little from the conclusions arrived at by the majority of the Royal Commission on Shipping Rings. They did suggest, however, that instead of powers of conciliation and arbitration being vested in the British Board of Trade, such powers should be vested in the Imperial Shipping Board, which the Committee has recommended should be set up in their report of June 3rd, 1921.

It would appear that in spite of the lengthy investigations held into this subject, no definite Government action, either on the part of the British authorities or on the part of the Canadian authorities, has yet been taken.

It has been felt by some that the cost of ocean carriage is not a national but an international question, and Mr. David Lubin, the founder of the International Institute of Agriculture, prior to his death in 1919, urged very strongly that international action should be taken for the purpose of regulating ocean freight rates. His views are found in a pamphlet published by the International Institute of Agriculture at Rome on the 1st of December, 1916, and entitled: "Further Papers on the Resolution passed by the Congress of the United States for an International Commerce Commission."

Mr. Lubin writes:—

"Ocean carriage is a public utility; it should be under public control.

"Concentrate the business of ocean carriage in the hands of shipping rings, and what have we got? We have also got a tyranny pure and simple, for the shipping ring may likewise exert social, economical and political pressure, pressure exerted not merely over a few farmers, a few exporters or importers of the staples, but over all the farmers of the land, and over all the people of the land. Nor is this all, as the business of ocean carriage is from country to country; international, this pressure can be exerted not merely over one country but over every country."

Further at Page 7 he states:—

"During the London conference some of the shipowners contended that it was not they but these 'shippers' of the staples, these speculators, who favour the present system of unfixed rates. Indeed, it was stated that so far as the shipowners are concerned, they would be as strongly in favour of fixed rates on 'bulk freight' as manufacturers and merchants are for fixed rates on 'package freight.' This is an important admission for our case.

"As to the speculators in the staples, the 'shippers,' it is easy to see why they want unfixed rates for ocean carriage. The element of uncertainty through unfixed rates and the rare opportunities for price manipulation which it affords, are in reality the stock-in-trade of these speculators. Remove this uncertainty and the speculator would then be transformed into a mere broker; he would then be rendered harmless.

"Under the present system ocean freight rates are jumped highest when the bulk of the crop is changing hands, thus correspondingly lowering the home price at the time when the speculator is buying. With a large proportion of the crop bought and stored in warehouse and elevator and for the time being out of the reach of changing hands, ocean freight rates are down, when, as a result, the home price of the staples is forced up; and this is the time when the speculator lets out the product to the consumer. So then, under this system of unfixed rates for ocean carriage, this system of uncertainty, the speculator seems to play a game of 'heads I win, tails you lose.'"

Further on in this pamphlet, Mr. Lubin quotes Mr. Hippwood, the Assistant Secretary of the Marine Dept. of the British Board of Trade, to this effect:—

"The question of ocean freight is a world problem and one of very great importance to all countries. As a world problem, it cannot be settled satisfactorily by any one nation, nor by any one interest acting alone."

He also quotes Mr. Alexander, Chairman of the Committee of the House of Representatives on Merchant Marine matters:—

"It is true that our Government would be impotent to enforce reasonable rates or stabilize rates on farm products in international trade, in the absence of an international agreement. . . . . It is an international problem, and can only be solved by international agreement."

Mr. Lubin's views may be summarized in the words of his statement to the American Congress, which are as follows:—

"(1) The staples have a world's price, which is the basis for their home price.

"(2) The price for the entire production in the home market, whether for export or for home use, is directly influenced by the cost of ocean carriage.

"(3) The home price is also indirectly influenced by the cost of ocean carriage in foreign ports.

"(4) At present ocean carriage rates on the staples are not given out for stated periods in advance; they are given out from day to day and from hour to hour; thus giving rise to uncertainty and fluctuations.

"(5) This uncertainty affords the opportunity for the operations of the speculator.

"(6) These operations result in an economic injury to the producer and to the consumer.

"(7) The remedy should be equitable rates, terms and conditions fixed for stated times, and made known in advance.

" (8) This should be done through an international Commerce Commission."

Your Committee, in view of the foregoing and of the evidence adduced before them and referred to in a previous interim report, are of the opinion that action is desirable to control shipping rings or conferences.

It is suggested that the Canadian representatives in attendance at the next meeting of the International Institute of Agriculture should be given authority to see that the matter is thoroughly discussed, in order to discover whether an international system of control is feasible through such agency.

In view of the fact that a very great deal of the shipping coming to Canadian ports is British shipping, concurrent action by the British authorities is respectfully suggested. The matter might well be made a subject for discussion and consideration at the next Imperial Economic Conference.

Meanwhile it would appear wise to recommend that the Government through one of its departments—we suggest the Department of Trade and Commerce—should entertain complaints from shippers of unfair or oppressive treatment by ocean carriers and should hold investigations publicly or privately into such complaints.

Publicity is of itself both a deterrent to, and in a measure, curative of, unfair practices. These, like certain unwholesome growths, best flourish in the dark. It would be hoped that by action of the sort suggested possible abuses in a measure might be obviated through the encouragement that such action would give to the steamship lines that desire to act fairly with the Canadian public and the discouragement which such action would afford to those companies which operate on different lines.

Steamship companies would not regard with equanimity the holding of an investigation and the letting in of light upon any unfairness in rates charged, and the fact that such investigations are facilitated would first of all tend to deter conference lines from establishing unfair rates, and secondly encourage a line which unwillingly had adopted unfair rates, to break away from the conference and adopt rates of its own.

There is, however, another method which we would earnestly recommend to the careful consideration of the Government.

The Canadian people are the owners of 67 ships. Some of these are of fair though not large size. Your Committee suggest that a certain number of these ships might be selected to be operated in conjunction with our National Railway Lines, that the freight rates on such steamers could be established on the cost of carriage plus a reasonable profit based upon the real, as opposed to the cost, value of the ships. If these ships are of the size and type which can be economically and efficiently run in conjunction with the National Railways (and on these points your Committee have taken no evidence) the following desirable objects would be obtained: The National Railways would be enabled to grant through Bills of Lading on a transportation system by land and by water altogether under their own control, the Canadian people would be able to obtain transportation facilities at reasonable and known rates; the service thus given on the ocean would tend to maintain rates on a reasonable basis and would act as a deterrent to the charging of unreasonable rates by other lines and finally the knowledge obtained by the Government, as to the actual cost of ocean transportation, would aid it in determining whether rates charged by other lines are fair and reasonable.

Should it appear that there are no ships or not a sufficient number of ships belonging to the Canadian Government Merchant Marine suitable for this service then it would appear that wisdom would dictate the disposal of some of the smaller ships to enable ships of the class required to be secured.

Your Committee have learned that action along the above lines is being taken by the Government and that six boats of the Canadian Government Merchant Marine are now being equipped with suitable fittings for the carrying of cattle to Great Britain.

We recommend that in order to determine whether such boats are commercially adapted for this trade very careful account should be kept of their expenses and cost of operation with a view of determining, as far as can be done, the cost of carrying cattle from Eastern Canadian ports, including Quebec and Montreal, to Great Britain, so that it may be ascertained, with the greatest precision possible, whether or not the present ocean rates on cattle are reasonable and fair or can be reduced in the interests of the cattle-raisers of this country without unfairness to the ocean carriers.

The whole of which is respectfully submitted.

A. R. McMASTER,
Chairman.

Fifth Report concurred in, June 26, 1923.
(*See* Journals at page 569).

SIXTH REPORT

HOUSE OF COMMONS,
TUESDAY, 19th June, 1923.

The Special Committee appointed to inquire into Agricultural Conditions beg leave to present the following as their Sixth Report:—

RURAL CREDITS

Your Committee desire in this report to deal briefly with the question of rural credits.

As to the necessity of credit on more advantageous terms to the farmers of this country, there can be little room for difference of opinion. Well selected and secured farm loans should be among the safest and most attractive of investments, while the security offered through the pledging of non-perishable and readily marketable farm products is certainly comparable to that offered by merchants and manufacturers. Notwithstanding these facts, the agriculturist of Canada, in certain parts at least, pays considerably more for long term credits secured by his property than many of his competitors in other lands, as well as more than is paid by many of his fellow citizens in other walks of life for similar accommodation.

Your Committee are of the opinion that after consideration along the lines hereinafter respectfully suggested, the Government should promote the obtaining by the agriculturists of this country of long term credits, as well as intermediate credits, and that action should be taken, and if necessary, legislation enacted to this end at the earliest possible date.

The attention of your Committee has been forcibly brought to the fact that the operations of the Federal Farm Loan Board system in the United States offer, through the National Farm Loan Associations, the Federal Land

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Banks and the Joint Stock Land Banks, facilities for long term credits to the farmers of that country which, when prudently availed of, are of immense advantage to them. Likewise, it would appear that the farmers of certain European countries, as well as of other parts of the commonwealth of British nations, enjoy credit facilities of an advantageous nature.

The Federal Farm Loan Board system, operating through the Federal Intermediate Credit Banks and the Agricultural Credit Corporations in the United States, is designed to supply, to a very large extent, to agriculturists, intermediate credits, that is to say, credits running from nine months to three years.

It will be remembered that there are at present operating in Canada certain provincial systems. As to the success of some of these, serious differences of opinion have been expressed. It would appear that some are suffering from inadequate loaning funds.

To what extent the Federal Government should inaugurate a Federal system of long term and intermediate term loans to farmers; how such system, if inaugurated, should be related to the different provincial systems; what features of or other systems of farm credits could with advantage be adopted, are all matters requiring further searching investigation.

Your Committee have heard a number of witnesses and have devoted a considerable amount of study to the question. They feel, however, that the system is of such paramount importance that further investigation and study should take place before definite legislation is brought down. All authorities apparently agree that there is a barren area of credit unsupplied by either the banks on the one hand or the loan companies on the other.

We therefore recommend the investigation by the Government into the question of long term and intermediate term rural credits; the operation of existing schemes in Canada, the United States and elsewhere; the examination of the question as to whether and to what extent systems of agricultural credits should be fitted into and related to our present banking system; as well as the operations of mortgage and loan companies; and that to this end, and in such manner as may appear best to the Government, the views of agriculturists, bankers, representatives of the loan companies, officers of the present Canadian provincial loan systems, as well as of the officers of the Federal Farm loan systems in the United States, should be obtained, in order that adequate and well-founded action for the relief of the present situation may be taken.

In this connection also, the attention of your Committee was drawn to the question as to whether it would be advisable and in accordance with sound economic and banking principles to extend to those provinces which desired to obtain money for their rural credit systems, facilities for the obtaining of credit such as are afforded to the chartered banks under the provisions of the Finance Act of 1914, under the provisions of which Dominion notes are issued to the banks against the deposit of certain approved securities with the Treasury Board.

All of which is respectfully submitted.

A. R. McMASTER,
Chairman.

Sixth Report concurred in June 26, 1923.
(*See* Journals at page 569).

SEVENTH REPORT

HOUSE OF COMMONS,
TUESDAY, 19th June, 1923.

The Special Committee appointed to inquire into agricultural conditions beg leave to present the following as their Seventh Report:

Your Committee have held 80 sittings on 45 separate days, have heard the evidence of 103 witnesses, and have had 223 exhibits filed with them; but have not been able to make a complete inquiry into the matters submitted to them under the Order of Reference.

In view of the important and widespread information collected during the sittings of your Committee and the impossibility of digesting and properly weighing the evidence in the time at their disposal before prorogation, your Committee respectfully recommend that a similar Committee be appointed at an early period of the next session of Parliament.

Your Committee beg to submit herewith for the information of the House a printed copy of their proceedings and the evidence given before the Committee, and also certain documents and articles submitted to the Committee but not contained in the proceedings.

Your Committee recommend that the Orders of Reference, reports, proceedings and the evidence given before the Committee, together with a suitable, synoptic index, to be prepared by the Clerk of the Committee, be printed as an appendix to the Journals of the House of the present session; and that the whole be subdivided under the subjects of,

(*a*) Production,
(*b*) Transportation, Distributing and Marketing,
(*c*) Rural Credits,
(*d*) Relation of Prices obtained by the Agriculturalists as Producers and paid by them as Consumers,

and printed in blue book form for distribution, and that Rule 74 be suspended in reference thereto.

All of which is respectfully submitted.

A. R. McMASTER,
Chairman.

Seventh Report Concurred in, June 26, 1923.

(*See* Journals at page 569).

MINUTES OF PROCEEDINGS

HOUSE OF COMMONS,
COMMITTEE ROOM No. 424,
WEDNESDAY, March 7, 1923.

The Committee met at 10.00 o'clock A.M. Present:—Messieurs Bouchard, Caldwell, Clifford, Elliott (Waterloo), Gardiner, Hammell, McKay, McMaster, Milne, Robinson, Sales, Sinclair (Queen's), Sutherland and Tolmie.—14.

The Clerk read the Order of Reference as follows:—

Special Committee on Agricultural Conditions

WEDNESDAY, February 28, 1923.

Resolved, That a Special Committee be appointed to inquire into Agricultural Conditions, and that the following Members do compose the said Committee:—Messrs. Bouchard, Caldwell, Clifford, Elliott (Waterloo), Gardiner, Grimmer, Hammell, Lanctôt, McKay, McMaster, McMurray, Milne, Munro, Robinson, Sales, Sinclair (Queen's), Stansell, Sutherland and Tolmie.

W. B. NORTHRUP,
Clerk of the Commons.

Attest.

Moved by Mr. Robinson that Mr. Clifford be Chairman.

Mr. Clifford, having declined the honour, moved, seconded by Mr. Gardiner, that Mr. McMaster be Chairman, which was unanimously agreed to.

Mr. McMaster having taken the Chair, Committee discussed an Agenda along the lines suggested in a Memorandum prepared by Mr. McMaster. (This Agenda appears on page lxiii.)

On motion of Mr. Sales:

Ordered, "That the Chairman confer with the Deputy Minister of Justice *re* the appointment of a Royal Commission, to examine the Grain Trade, by concurrent legislation of Dominion and Provinces in order to avoid the possibility of a challenge on constitutional grounds."

On motion of Mr. Tolmie:

Ordered, "That the words 'of the pure-bred live stock industry; of health of animals,' be added to paragraph '2' of the Memorandum, immediately following the words 'live stock marketing'."

On motion of Mr. Hammell:

Ordered, "That the first matter of investigation be the live stock industry of Canada including the transportation costs."

On motion of Mr. Elliott:

Ordered, "That this Committee present a report to the House recommending that leave be granted them to sit while the House is in

session; and that they be authorized to have their proceedings and such evidence as may be taken, printed from day to day for the use of the Members of the Committee and that Rule 74 relating thereto be suspended."

Committee decided to call Dr. J. H. Grisdale, Deputy Minister of Agriculture, Mr. H. S. Arkell, Live Stock Commissioner, and any others thought advisable by the Deputy Minister, to give evidence at the next meeting of the Committee.

Committee adjourned to meet at 3.30 o'clock P.M. to-morrow, Thursday, March 8th, 1923.

S. R. GORDON,
Clerk to Committee.

HOUSE OF COMMONS,
COMMITTEE ROOM No. 268,
THURSDAY, March 8th, 1923.

The Committee met at 3.30 o'clock P.M. Present:—Messieurs McMaster, (Presiding), Bouchard, Caldwell, Elliott (Waterloo), Gardiner, Hammell, McKay, Milne, Munro, Robinson, Sales, Sinclair (Queens), Stansell, Sutherland and Tolmie—15.

Chairman read following Orders of the House.

WEDNESDAY, 7th March, 1923.

Ordered, That the said Committee be given leave to report from time to time, and power to send for persons, papers and records.

Attest.

W. B. NORTHRUP,
Clerk of the Commons.

WEDNESDAY, 7th March, 1923.

Ordered, That the said Committee be granted leave to sit while the House is in session, and that they be authorized to have their proceedings and evidence printed from day to day for the use of the Members of the said Committee, and that Rule 74 relating thereto be suspended.

W. B. NORTHRUP,
Clerk of the Commons.

Attest.

On motion of Mr. Sales, seconded by Mr. Gardiner:

Ordered, That the Clerk of the Committee be authorized and instructed to request the Grain Commissioners to—

1. Prepare a statement showing grades in and out of each of the private terminal elevators since Sample Market Legislation came into force up to end of August, 1922, and to furnish same to the Committee by March 31st, 1923.

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2. A statement of the quantity of tough and damp grain received by each of the private terminal elevators and the quantities dried by each elevator.

3. A statement of the amount of grain graded out and transferred from each of the private terminal elevators by rail to public terminal elevators at the head of the lakes.

Dr. J. H. Grisdale, Deputy Minister of Agriculture, addressed the Committee *re* the removal of the embargo on Cattle in Great Britain and the possibilities of export trade from Canada. Mr. H. S. Arkell, Live Stock Commissioner, also addressed the Committee on the same subject.

On Motion of Mr. Bouchard, seconded by Mr. Elliot:

Ordered, That a Report be presented to the House recommending that a quorum of this Committee be five members therof.

On motion of Mr. Sales, seconded by Mr. Gardiner:

Ordered, That Messieurs D. A. Campbell, of Montreal, and Mr. John Brown, of Galt, be summoned as witnesses to give evidence before this Committee on Tuesday next.

Committee adjourned to meet at 3.30 o'clock p.m. to-morrow, Friday, March 9th, 1923.

S. R. GORDON,
Clerk to Committee.

HOUSE OF COMMONS,
COMMITTEE ROOM No. 268,

FRIDAY, March 9, 1923.

The Committee met at 3.30 o'clock p.m. Members present: Messieurs McMaster (Presiding), Bouchard, Caldwell, Elliott (Waterloo South), Gardiner, Grimmer, Hammell, McKay, Milne, Munro, Robinson, Sales, Sinclair (Queens, P.E.I.), and Tolmie—14.

Mr. Lionel E. Taylor President British Columbia Fruit Growers' Association, who was in attendance, was called, sworn, gave evidence and was discharged from further attendance.

Mr. Thomas Bulman, President British Columbia Growers, Limited, who was in attendance, was called, sworn, gave evidence and was discharged from further attendance.

On motion of Mr. Sales, seconded by Mr. Gardiner,

Ordered, That Messieurs J. Stanley MacLean, Toronto, and Kennedy, United Grain Growers, Winnipeg, be summonded to appear before the Committee on Tuesday next, March 13, to give evidence *re* the transportation features of the live stock export trade, and that Messieurs A. Leitch, Guelph, H. Barton and Ness, MacDonald College and Muir of the Central Experimental Farm be summoned to appear before the Committee on Wednesday next, March 14 to give evidence on live stock production costs.

Committee adjourned to meet at 3.30 o'clock p.m. on Tuesday next, March 13, 1923.

S. R. GORDON,
Clerk of Committee.

HOUSE OF COMMONS,
COMMITTEE ROOM No. 268,
TUESDAY, March 13, 1923.

The Committee met at 3.30 o'clock p.m. Present:—Messieurs McMaster (presiding), Bouchard, Caldwell, Clifford, Elliot (Waterloo), Gardiner, Grimmer, Hammell, McKay, Milne, Munro, Robinson, Sales, Sinclair (Queen's, P.E.I), Stansell, Sutherland and Tolmie.—17.

On motion of Mr. Sales, seconded by Mr. Gardiner,

Ordered, That a sub-committee be named by the Chairman to confer with the reporters and printing bureau with the object of keeping the Proceedings and Evidence as free from errors as possible.

The Chairman appointed Messrs. Sales, Gardiner and Hammell as a sub-committee for this purpose.

On motion of Mr. Caldwell, seconded by Mr. Robinson:

Ordered, That in view of the numerous sittings of this Committee, the interest taken in the proceedings by the general public and the resultant heavy correspondence, the Chairman be empowered to arrange for an efficient and capable stenographer immediately to assist the Clerk.

On motion of Mr. Sales, seconded by Mr. Hammell:

Ordered, That the Clerk be instructed to secure at once for the use of the Members of the Committee folders in which to place their notes and papers, said folders to be as per sample shown.

Mr. J. Stanley MacLean, Toronto, who had been requested to attend and give evidence to-day was unable to be present but offered to attend at a later date. Messrs. John Brown, Galt, and S. P. Kennedy, Winnipeg, who had also been requested to attend, were prevented from being present through illness.

Mr. Duncan A. Campbell, exporter of live stock, Westmount, Quebec, who was in attendance, was called, sworn, gave evidence and discharged from further attendance.

On motion of Mr. Munro, seconded by Mr. Stansell:

Ordered, That Messieurs William Burke, Canada Steamship Lines, Major Currie, White Star Line, James Nicol, White Star Line, and R. B. Teakle, Canadian Government Mercantile Marine, all of Montreal, be summoned to appear and give evidence on Thursday, March 15th, 1923, at 3.30 o'clock, p.m.

Committee adjourned to meet at 11 o'clock a.m., on Wednesday next, March 14th, 1923.

S. R. GORDON,
Clerk to Committee.

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HOUSE OF COMMONS,
COMMITTEE ROOM No. 268,
WEDNESDAY, March 14, 1923.

The Committee met at 11.00 o'clock a.m., Present:—Messieurs McMaster (Presiding), Caldwell, Clifford, Elliott (Waterloo), Gardiner, Hammell, McKay, Milne, Munro, Robinson, Sales, Sinclair (Queen's P.E.I.), and Tolmie.—13.

The Chairman reported the result of his conference with the Deputy Minister of Justice, which conference took place as instructed by Resolution of this Committee dated March 7th, 1923. (The Chairman's complete report appears in the Minutes of Evidence).

On motion of Mr. Sales, seconded by Mr. McKay.

Resolved, That in the opinion of this Committee it is advisable, and in the interest of agriculture in this country, that a full and searching inquiry should be made into all aspects of the grain trade of Canada; and for this purpose a Royal Commission should be appointed clothed with full powers, not only from the Dominion Government, but also from all provinces desiring to co-operate in such inquiry.

On motion of Mr. Gardiner, seconded by Mr. Robinson.

Ordered, That the Chairman be instructed to present to the House a report from this Committee embodying the above Resolution and asking for the concurrence of the House in this proposal.

On motion of Mr. McKay, seconded by Mr. Elliott.

Ordered, That so soon as the concurrence of the House in the above recommendation be obtained, the Chairman be, and is hereby, instructed to confer with the Premier, and to request him to invite the co-operation in this investigation of the different Provincial Governments, indicating to the Premier the vital necessity for the utmost dispatch.

Mr. Archibald Leitch, Professor at Ontario Agricultural College, Guelph, Ontario, who was in attendance, was called, sworn and gave evidence.

Mr. Horace Barton, Professor at MacDonald College, St. Anne de Bellevue, Quebec, who was in attendance, was called, sworn and gave evidence.

Committee adjourned at 12.55 o'clock, p.m., to meet again at 3.30 o'clock, p.m.

The Committee resumed at 3.30 o'clock, p.m., the Chairman, Mr. McMaster, presiding.

Mr. Barton was recalled, concluded his evidence and was discharged from further attendance.

Mr. Leitch was recalled, concluded his evidence and was discharged from further attendance.

Mr. G. W. Muir, Experimental Farm, Ottawa, was in attendance in obedience to summons, but was not called upon to give evidence.

Committee adjourned at 5.30 o'clock, p.m., to meet at 3.30 o'clock, p.m., on Thursday next, March 15th, 1923.

S. R. GORDON,
Clerk to Committee.

HOUSE OF COMMONS,
COMMITTEE ROOM No. 268,
THURSDAY, March 15, 1923.

The Committee met at 3.30 o'clock P.M. Present: Messieurs McMaster (Presiding), Bouchard, Caldwell, Clifford, Elliott (Waterloo), Gardiner, Grimmer, Hammell, McKay, Milne, Munro, Robinson, Sales, Sinclair (Queen's P.E.I.), Stansell and Tolmie—16.

Mr. Robinson presented the following Resolution which was laid on the table for future discussion.

"Whereas the Federal Grant to the Provinces under the Agricultural Instruction Act has been reduced from $1,100,000 to $900,000, entailing a reduction in the amount each Province shall receive, and,

Whereas the amount each Province is to receive under the Act is based partly on its population, and

Whereas the Province is required to use the money for agricultural purposes only.

Resolved that this Committee recommend that the rural population only, of each Province be used as the basis for the distribution of the Agricultural Instruction Grant to each Province in the future."

Mr. Phillip A. Curry, General Manager, White Star Dominion Line, Montreal, who was in attendance, was called, sworn and gave evidence.

Mr. James W. Nichol, Manager, Furness Withy Company, Montreal, who was in attendance, was called, sworn, gave evidence and was discharged from further attendance.

Mr. L. A. W. Doherty, Freight Traffic Manager, Canada Steamship Lines, Montreal, who was in attendance, was called, sworn, gave evidence and was discharged from further attendance.

Mr. W. A. Cunningham, Traffic Manager, Canadian Government Mercantile Marine, Montreal, who was in attendance, was called, sworn, gave evidence and was discharged from further attendance, after having been instructed by the Chairman to forward to the Clerk of the Committee the tariff issued by the North Atlantic conference, which was in the office of the witness.

Mr. Curry was recalled, concluded his evidence and was discharged from further attendance.

Mr. F. C. Cornell, Secretary Canadian National Millers' Association, Montreal, who was in attendance, was called, sworn, gave evidence and was discharged from further attendance.

Mr. L. L. Cook, Transportation Specialist, Live Stock Branch, Ottawa, was in attendance in obedience to summons, but was not called upon to give evidence.

Letter from Mr. F. C. Cornell to the Chairman filed as Exhibit No. "3".

Committee adjourned at 6.35 o'clock p.m. to meet at 3.30 o'clock p.m. on Friday next, March 16, 1923.

S. R. GORDON,
Clerk to Committee.

APPENDIX No. 3

HOUSE OF COMMONS,
COMMITTEE ROOM No. 452,
FRIDAY, March 16, 1923.

The Committee met at 3.30 o'clock, p.m. Present:—Messieurs McMaster (Presiding), Bouchard, Caldwell, Clifford, Elliott (Waterloo), Gardiner, Grimmer, Hammell, McKay, Milne, Munro, Robinson, Sales, Sinclair (Queen's, P.E.I.), Sutherland and Tolmie.—16.

Chairman read telegraphic correspondence between Mr. W. A. Cunningham and himself regarding evidence given before this Committee by Mr. Cunningham on Thursday, March 15, 1923.

Chairman also read telegram from Mr. C. B. Watts, Secretary of the Dominion Millers' Association, requesting permission to appear before the Committee on Tuesday next, March 20, 1923. Clerk was instructed to reply to Mr. Watts' telegram.

On motion of Mr. Sales, seconded by Mr. Caldwell:—

Ordered, That a summons *duces tecum* be issued directed to Mr. W. A. Cunningham requiring his attendance at this Committee on Tuesday next, March 20, 1923, at 3.30 o'clock, p.m., and to have then and there with him and produce

(a) All files containing the tariffs issued from time to time by the North Atlantic Conference, eastward bound, since the year 1919.

(*b*) All correspondence had between the Canadian Government Merchant Marine and the said North Atlantic Conference.

(*c*) All correspondence had by the Canadian Government Merchant Marine with all other steamship lines or associations of lines, touching ocean rates.

(*d*) All memoranda or written evidence of decisions arrived at at meetings held in Montreal by the representatives of the various steamship lines having offices in that city, touching ocean rates.

(*e*) All memoranda or written evidence of the dates and circumstances under which the Canadian Government Merchant Marine has departed from the tariffs established by other companies, or from the rates agreed upon by the representatives of the steamship offices in Montreal, or by the North Atlantic Conference, eastward bound.

On motion of Mr. Bouchard, seconded by Mr. Sales:—

Ordered, That Messrs. J. Stanley MacLean, of Toronto, and Mr. L. L. Cook, of the Department of Agriculture, be requested to give evidence on Tuesday *re* ocean freights as respects agricultural products, and that Mr. C. B. Watts be given an opportunity on the same day to present his case if sufficient time remained after the witnesses summoned had been heard.

On motion of Mr. Caldwell, seconded by Mr. Clifford:—

Ordered, That Mr. D. W. Ledingham, Manager Furness Withy, St. John, be summoned to appear before this Committee on Wednesday, March 21, 1923, to give evidence in the matter of freights on potatoes and other agricultural products to Cuba and the West Indies, and that Mr. Brock Scripture, Brighton, Ontario, be summoned to give evidence *re* general agricultural conditions.

The Resolution introduced by Mr. Robinson on Thursday was further discussed, and after hearing evidence in the matter from Dr. J. H. Grisdale, Deputy Minister of Agriculture, was

Ordered, To be laid on the table.

On motion of Mr. Sinclair, seconded by Mr. McKay:—

Ordered, That Messrs. Tolmie, Milne and Hammell be a sub-committee to study the evidence taken last session before the Railway Rates Investigation Committee.

On motion of Mr. Milne, seconded by Mr. Gardiner:—

Ordered, That four sub-committees be appointed, the members of which to be named by the Chairman, to deal with the following matters:--

(*a*) Transportation, distribution and marketing. (Committee: Messrs. Tolmie, Hammell, Caldwell, Milne and Clifford.)

(*b*) Production (Committee: Messrs. Bouchard, Grimmer, Munro, Elliott and McMurray.)

(*c*) Rural Credits. (Committee: Messrs. Gardiner, McMaster, Sutherland and Lanctôt.)

(*d*) Relation of prices obtained by the agriculturalists, as producers, and prices paid by consumers. (Committee: Messrs. Sales, McKay, Robinson, Stansell and Sinclair.)

The first-named in each case to be Chairman of the sub-committee.

Committee adjourned at 5.45 o'clock, p.m., to meet in Room 268 at 3.30 o'clock, p.m., on Tuesday, March 20, 1923.

S. R. GORDON,
Clerk to Committee.

HOUSE OF COMMONS,
COMMITTEE ROOM No. 268,
TUESDAY, March 20, 1923.

The Committee met at 3.30 p.m. Present:—Messieurs McMaster (presiding), Caldwell, Elliott (Waterloo), Gardiner, Grimmer, Hammell, McKay, Milne, Munro, Robinson, Sales, Sinclair (Queen's, P.E.I.), and Sutherland.—13.

Mr. W. A. Cunningham, Traffic Manager, Canadian Government Merchant Marine, Montreal, who was in attendance in obedience to a summons *duces tecem,* was called, sworn, gave evidence, and was instructed to be present at the next meeting of the Committee

Committee adjourned at 5.45 o'clock, p.m., to meet at 9.30 o'clock, a.m., on Wednesday next, March 21, 1923.

S. R. GORDON,
Clerk to Committee.

APPENDIX No. 3

HOUSE OF COMMONS,
COMMITTEE ROOM No. 268,
WEDNESDAY, March 21, 1923.

The Committee met at 9.30 a.m. Present:—Messieurs McMaster (Presiding), Caldwell, Clifford, Elliott (Waterloo), Gardiner, Grimmer, Hammell, McKay, Milne, Munro, Robinson, Sales, Sinclair (Queen's, P.E.I.), Stansell, Sutherland and Tolmie.—16.

Mr. W. A. Cunningham, Traffic Manager, Canadian Government Merchant Marine, Montreal, was again in attendance, gave evidence and was discharged from further attendance.

Mr. J. Stanley Maclean, Secretary-Treasurer Harris Abattoir Company, Limited, Toronto, who was in attendance, was called, sworn, and gave evidence.

Committee adjourned at 11.05 o'clock a.m. to meet again at 3.30 o'clock p.m. this day.

Committee reassembled at 3.30 o'clock p.m. Mr. J. Stanley Maclean concluded his evidence and was discharged from further attendance.

Committee adjourned at 6.15 o'clock p.m. to meet at 11 o'clock a.m. on Thursday, March 22, 1923.

S. R. GORDON,
Clerk to Committee.

HOUSE OF COMMONS,
COMMITTEE ROOM 268,
THURSDAY, March 22nd, 1923.

The Committee met at 11.00 o'clock a.m. Present: Messieurs McMaster (Presiding), Bouchard, Caldwell, Clifford, Elliott (Waterloo), Gardiner, Grimmer, Hammell, McKay, Milne, Munro, Robinson, Sales, Sinclair (Queen's P.E.I.), Stansell, Sutherland and Tolmie—17.

Mr. D. W. Ledingham, Manager Furness-Withy Company, St. John, N.B., who was in attendance, in obedience to summons, was called, sworn, gave evidence and was discharged from further attendance.

Mr. C. B. Watts, Secretary Dominion Millers' Association, Toronto, who was in attendance, was called, sworn and gave evidence.

Committee adjourned at 1.10 o'clock p.m. to meet again at 3.30 o'clock p.m. this day.

Committee reassembled at 3.30 o'clock p.m. Mr. C. B. Watts concluded his evidence and was discharged from further attendance.

Mr. R. A. Thompson, President Dominion Millers' Association, Lynden, Ontario, who was in attendance, was called, sworn, gave evidence and was discharged from further attendance.

Mr. R. B. Scripture, Fruit Grower and Buyer, Brighton, Ontario, who was in attendance in obedience to summons, was called, sworn, gave evidence and was discharged from further attendance.

On motion of Mr. Milne, seconded by Mr. Gardiner,

Ordered, That Mr. Harry Grant of Winnipeg be called as a witness for Tuesday next, March 27th, 1923.

Committee adjourned to meet at 10.30 o'clock a.m. on Friday next, March 23rd, 1923, as an Executive.

S. R. GORDON,
Clerk to Committee.

HOUSE OF COMMONS,
COMMITTEE ROOM 268,
FRIDAY, March 23, 1923.

Committee met at 10.30 o'clock a.m.

Present:—Messieurs McMaster (presiding), Bouchard, Caldwell, Clifford, Elliot (Waterloo), Gardiner, Grimmer, Hammell, McKay, Milne, Robinson, Sales, Sinclair (Queen's, P.E.I.), Sutherland and Tolmie—15.

Letter from Mr. W. A. Cunningham, dated March 22, 1923, to Chairman, *re* flour shipments to United Kingdom on ss. *Canadian Explorer* and ss. *Canadian Mariner*, read and ordered to be filed.

Reports from sub-committees (*a*) Transportation, Distributing and Marketing and (*b*) Production, read, discussed and ordered to be filed.

On motion of Mr. Tolmie, seconded by Mr. Sinclair,

Ordered, That Messrs. E. Hawken, Assistant Deputy Minister of Marine and Fisheries, P. E. Light, Department of Agriculture, and Thomas Robb, Shipping Federation, Montreal, be notified to appear before the Committee on Tuesday next.

On motion of Mr. Sales, seconded by Mr. Milne,

Ordered, That "Costs of Production" be further investigated immediately after the Easter recess; and that the following witnesses be notified to appear to give evidence on this subject: Messrs. M. Cumming, Secretary of Agriculture, Truro, Nova Scotia, A. Leitch, Agriculture College, Guelph, Ontario, J. A. St. Marie, College d'Agriculture, St. Anne de la Pocatière, Quebec, T. J. Mahoney, President, Niagara Fruit Growers' Association, Hamilton, Ontario, C. B. Sissons, Victoria College, Toronto, Ontario, and a witness to be named by the Department of Agriculture of Prince Edward Island, Charlottetown, P.E.I.

On motion of Mr. Caldwell, seconded by Mr. McKay,

Ordered, That Mr. Sales be authorized and is hereby empowered to confer with Dean Rutherford of the University of Saskatchewan as to the best man to appear before the Committee as witness from Saskatchewan regarding production costs; and to arrange for the appearance of such witness.

On motion of Mr. Bouchard, seconded by Mr. Gardiner,

Ordered, That Mr. Charles Gagné, College d'Agriculture, St. Anne de la Pocatière, be requested to appear before the Committee at a future date to be arranged, to give evidence *re* rural credits; and that other witnesses from the various provinces on this subject be secured during the Easter recess.

Committee adjourned at 12.50 o'clock p.m. to meet at 10.30 o'clock a.m. on Tuesday, March 27, 1923.

S. R. GORDON,
Clerk to Committee.

APPENDIX No. 3

HOUSE OF COMMONS,
COMMITTEE ROOM 268,
TUESDAY, March 27th, 1923.

The Committee met at 10.30 o'clock a.m. Present:—Messieurs McMaster (Presiding), Bouchard, Caldwell, Clifford, Elliott (Waterloo), Gardiner, Grimmer, Hammell, McKay, Milne, Munro, Robinson, Sales, Sutherland and Tolmie—15.

Chairman read telegraphic correspondence between Hon. W. R. Motherwell, Minister of Agriculture, Ottawa and Hon. George Hoadley, Minister of Agriculture, Edmonton, Alberta, *re* ocean freight space for fat cattle.

Mr. W. H. Chase, President N.S. Apple Shippers' Association, Kentville, Nova Scotia, who was in attendance in obedience to summons, was called, sworn, gave evidence and was discharged from further attendance.

Mr. P. E. Light, Markets Division, Department of Agriculture, Ottawa, who was in attendance, was called, sworn, and gave evidence.

Mr. E. Hawken, Assistant Deputy Minister Marine and Fisheries, Ottawa, who was in attendance, was called, sworn and gave evidence.

Mr. L. H. Pinsonnault, Manager National Shiplining Company, Montreal, who was in attendance in obedience to summons, was called, sworn gave evidence and was discharged from further attendance.

Committee adjourned at 1.10 o'clock p.m. to meet again at 3.30 o'clock p.m. this day.

Committee reassembled at 3.30 o'clock P. M., Mr. McMaster, the Chairman, presiding.

Mr. Harry C. Grant, Hudson's Bay Fellow, Winnipeg, who was in attendance in obedience to summons, was called sworn and gave evidence.

The Chairman read telegram from Mr. Thomas Robb, Secretary Shipping Federation, Montreal, *re* ocean freight space. The Clerk was instructed to forward copy of same by telegraph to Hon. George Hoadley.

Committee adjourned at 5.45 o'clock p.m. to meet again at 11.00 o'clock a.m. on Wednesday, March 28th, 1923.

S. R. GORDON,
Clerk to Committee.

HOUSE OF COMMONS,
COMMITTEE ROOM No. 268,
WEDNESDAY, March 28th, 1923.

Committee met at 11 o'clock, a.m., present:—Messieurs McMaster (presiding), Bouchard, Clifford, Elliott (Waterloo), Gardiner, Hammell, McKay, Milne, Munro, Robinson, Sales, Stansell and Sutherland.—13.

Mr. Harry C. Grant, Hudson's Bay Fellow, Manitoba Agricultural College, Winnipeg, who was in attendance in obedience to summons, was called, sworn and gave evidence.

Committee adjourned at 1.15 o'clock, p.m., to meet again at 3.30 o'clock, p.m. this date.

Committee reassembled at 3.30 o'clock, p.m., Mr. Harry C. Grant concluded his evidence and was discharged from further attendance.

On motion of Mr. Munro, seconded by Mr. McKay:—

Ordered, That, so far as possible, "Costs of Production" be taken up during the week of April 9th; "Difference in Prices between what the Farmer has to pay and what he receives" be taken up during the week beginning April 16th; "Rural Credits" during the week beginning April 23rd; "Marketing" during the week beginning April 30th.

Committee adjourned at 5.45 o'clock, p.m., to meet at 11 o'clock, a.m. on Tuesday, April 10th, 1923.

S. R. GORDON,
Clerk to Committee.

HOUSE OF COMMONS,
COMMITTEE ROOM No. 268,
TUESDAY, April 10, 1923.

Committee met at 11.00 o'clock A.M. Present:—Messieurs McMaster (Presiding), Caldwell, Clifford, Elliott (Waterloo), Gardiner, Hammell, McKay, Milen, Munro, Robinson, Sales, Sinclair (Queen's P.E.I.), and Sutherland—13.

Mrs. John McNaughton, Harris, Sask., Representing Canadian Council of Agriculture, who was in attendance, was called, sworn, gave evidence and was discharged from further attendance.

Mr. George F. Edwards, Markinch, Sask., Vice-President Saskatchewan Grain Growers' Association, who was in attendance, was called, sworn and gave evidence.

Committee adjourned at 1.00 o'clock P.M., to meet again at 4.00 o'clock P.M. this day.

Committee reassembled at 4.00 o'clock P.M.

Mr. George F. Edwards, who was again in attendance, concluded his evidence and was discharged from further attendance.

Mr. Gustave Toupin, Oka, Province of Quebec, Professor at Oka Agriculture College, who was in attendance in obedience to summons, was called, sworn, gave evidence and was discharged from further attendance.

Mr. Melville Cumming, Truro, Nova Scotia, Secretary of Agriculture for Nova Scotia, who was in attendance in obedience to summons, was called, sworn, gave evidence and was instructed to be in attendance at the next sitting of the Committee.

Committee adjourned at 5.55 o'clock P.M. to meet at 10.30 o'clock A.M., to-morrow, Wednesday, April 11th, 1923.

S. R. GORDON,
Clerk to Committee.

APPENDIX No. 3

HOUSE OF COMMONS,
COMMITTEE ROOM No. 268,
WEDNESDAY, April 11, 1923.

Committee met at 10.30 o'clock a.m. Present: Messieurs McMaster (presiding), Bouchard, Caldwell, Clifford, Elliott (Waterloo), Gardiner, Grimmer, Hammell, McKay, Milne, Munro, Robinson, Sales, Sinclair (Queen's P.E.I.), Stansel and Sutherland.—16.

Mr. Melville Cumming, who was in attendance, continued his evidence and retired.

Mr. C. B. Sissons, College Professor and Farmer, Toronto, Ont., who was in attendance in obedience to summons was called, sworn and gave evidence.

Committee adjourned at 1 o'clock p.m. to meet at 4 o'clock p.m. this day.

Committee reassembled at 4 o'clock p.m.

Mr. C. B. Sissons concluded his evidence and was discharged from further attendance.

Mr. Archibald Leitch, Professor, Ontario Agricultural College, Guelph, Ontario, who was in attendance in obedience to summons was recalled and gave evidence.

Committee adjourned at 5.50 o'clock p.m. to meet again at 8 o'clock p.m. this day.

Committee reassembled at 8 o'clock p.m.

Mr. Leitch concluded his evidence and was discharged from further evidence.

Committee adjourned at 10.25 o'clock p.m. to meet again at 10 o'clock a.m. to-morrow, Thursday, April 12, 1923.

S. R. GORDON,
Clerk to Committee.

HOUSE OF COMMONS,
COMMITTEE ROOM No. 268,
THURSDAY, April 12, 1923.

Committee met at 10.00 o'clock a.m. Present:—Messieurs A. R. McMaster (Presiding), Bouchard, Caldwell, Clifford, Elliott (Waterloo), Gardiner, Grimmer, Hammell, McKay, Milne, Munro, Robinson, Sales, Sinclair (Queen's P.E.I.), Stansell, Sutherland, and Tolmie,—17.

Mr. Bower Henry, Manager, Producers Dairy, Ottawa, Ont., who was in attendance in obedience to summons was called, sworn and gave evidence. Witness retired.

Mr. Robert D. Hughes, General Manager, Farmers Dairy Co., Toronto, Ont., who was in attendance, in obedience to summons was called, sworn gave evidence and was discharged from further attendance.

Mr. Adelard Fortier, Manager, Montreal Dairy Co., Montreal, Que., who was in attendance was called, sworn and gave evidence and was discharged from further attendance.

Committee adjourned at 1.10 o'clock, p.m., to meet at 4.00 o'clock, p.m., this day.

Committee reassembled at 4.00 o'clock p.m.

Mr. C. Bourbeau, General Inspector of Cheese and Butter Factories, St. Hyacinthe, Que., who was in attendance in obedience to summons was called, sworn and gave evidence and was discharged from further attendance.

Mr. Edward H. Stonehouse, Dairyman, President National Dairy Council of Canada, Weston, York County, Ontario, who was in attendance in obedience to summons was called, sworn and gave evidence. Witness retired.

Committee adjourned at 6.15 o'clock p.m. to meet again at 10.30 o'clock a.m. tomorrow, Friday, April 13th, 1923.

S. R. GORDON,
Clerk to Committee.

HOUSE OF COMMONS,
COMMITTEE ROOM No. 268,
FRIDAY, April 13, 1923.

Committee met 10.30 o'clock a.m. Present:—Messieurs A. R. McMaster (Presiding), Bouchard, Caldwell, Elliott (Waterloo), Gardiner, Grimmer, Hammell, McKay, Milne, Munro, Robinson, Sales, Sinclair (Queen's P.E.I.) and Tolmie—14.

Chairman read letter from the Manager of the Parliamentary Restaurant *re* price of apples.

On motion of Mr. McKay, seconded by Mr. Sales.

Ordered: That Messers. Isaac E. Pedlow, General Merchant, Renfrew and A. S. Moreland, Grocer, Bank street, Ottawa, be called to give evidence before this Committee on a date to be determined by the Chairman.

Mr. J. A. Ste. Marie, Superintendent, Experimental Station, Ste. Anne de la Pocatiere, P.Q., who was in attendance in obedience to summons was called, sworn, gave evidence and was discharged from further attendance.

On motion of Mr. Sinclair, seconded by Mr. Munro.

Ordered: That Messers. J. A. Clark, Superintendent, Experimental Farm, and A. E. Dewar, Farmer and Fruit Grower, both of Charlottetown, P.E.I., be sumoned to give evidence before this Committee on a day to be set by the Chairman.

Committee adjourned at 12.50 o'clock P.M. to meet again at 10.30 o'clock A.M., Monday, April 16, 1923.

S. R. GORDON,
Clerk of Committee.

APPENDIX No. 3

HOUSE OF COMMONS,
COMMITTEE ROOM No. 268,
MONDAY, April 16, 1923.

Committee met at 10.30 a.m. Present:—Messieurs A. R. McMaster (Presiding), Bouchard, Caldwell, Elliott (Waterloo) Gardiner, Grimmer, Hammell, McKay, Milne, Munro, Robinson, Sinclair (Queen's P.E.I.), Stansell, Tolmie—14.

On motion of Mr. Hammell, seconded by Mr. Caldwell,

Ordered, That the information furnished by the Board of Grain Commissioners of Canada as to amounts and grades of grain received into and shipped out of private terminal elevators at the head of the Lakes for the crop years 1917-18, 1918-19, 1919-20, 1920-21, and 1921-22 as required by order of the Committee dated March 8, 1923, be printed as a separately numbered report of the proceedings of this Committee, at an estimated cost of $1,300.00.

Mr. John W. Ward, Secretary, Canadian Council of Agriculture, Winnipeg, Man., who was in attendance was called, sworn and gave evidence. Witness retired.

Mr. John F. Reid, Representing The Council of Agriculture, Orcadia, Sask., who was in attendance was called, sworn and gave evidence. Witness retired.

Committee adjourned at 1.10 o'clock p.m. to meet again at 4.30 p.m. this day.

Committee re-assembled at 4.30 o'clock p.m.

Mr. John F. Reid concluded his evidence and was discharged from further attendance.

Committee adjourned at 5.55 o'clock p.m. to meet at 7.30 o'clock p.m. this day.

Committee re-assembled at 7.30 o'clock p.m.

Mr. William A. Amos, President United Farmers of Ontario and President, Canadian Council of Agriculture, Palmerston, Ont., who was in attendance was called, sworn, gave evidence and was discharged from further attendance.

Committee adjourned at 9.00 o'clock p.m. to meet at 10.00 o'clock a.m. tomorrow, Tuesday, April 17, 1923.

S. R. GORDON,
Clerk to Committee.

HOUSE OF COMMONS,
COMMITTEE ROOM No. 268,
TUESDAY, April 17, 1923.

Committee met at 10 o'clock a.m.

Present:—Messieurs McMaster (presiding), Bouchard, Caldwell, Clifford, Elliott (Waterloo), Gardiner, Grimmer, Hammell, McKay, Milne, Munro, Robinson, Sinclair (Queen's, P.E.I.), Stansell, Sutherland and Tolmie.—16.

Chairman read letter from the International Harvester Company of Canada, and outlined his proposed reply to same. Committee approved.

Mr. William T. Jackman, Associate Professor of Political Economy, University of Toronto, Toronto, who was in attendance in obedience to summons, was called, sworn and gave evidence. Witness retired.

Committee adjourned at 11.15 o'clock a.m. to meet again at 4 o'clock p.m. this day.

Committee reassembled at 4 o'clock p.m.

Mr. Jackman concluded his evidence and was discharged from further attendance.

Committee adjourned at 6.15 o'clock p.m. to meet at 10.30 o'clock a.m. to-morrow, Wednesday, April 18, 1923.

S. R. GORDON,
Clerk to Committee.

HOUSE OF COMMONS,
COMMITTEE ROOM No. 268,
WEDNESDAY, April 18, 1923.

Committee met at 10.30 o'clock a.m. Present: Messieurs McMaster (presiding), Bouchard, Caldwell, Clifford, Elliott (Waterloo), Gardiner, Grimmer, Hammell, Milne, Munro, Robinson, Sinclair (Queen's, P.E.I.), Stansell, Sutherland, Tolmie.—15.

Mr. Clifford H. Sly, manager, The Merchants Consolidated, Limited, Winnipeg, Man., who was in attendance in obedience to summons was called, sworn and gave evidence. Witness retired.

Committee adjourned at 12.40 o'clock p.m. to meet again at 4 o'clock p.m. this day.

Committee reassembled at 4 o'clock p.m.

Mr. Sly concluded his evidence and was discharged from further attendance.

Committee adjourned at 5.25 o'clock p.m. to meet again at 10 o'clock a.m. to-morrow, Thursday, April 19, 1923.

S. R. GORDON,
Clerk to Committee.

APPENDIX No. 3

HOUSE OF COMMONS,
COMMITTEE ROOM No. 268,
THURSDAY, April 19th, 1923.

Committee met at 10 o'clock a.m. Present: Messieurs McMaster (presiding), Bouchard, Caldwell, Clifford, Elliott (Waterloo), Gardiner, Grimmer, Hammell, McKay, Milne, Munro, Robinson, Sinclair (Queen's, P.E.I.), Stansell, Sutherland, Tolmie.—16.

Mr. Sutherland, M.P., brought to the attention of the Committee the difference in freight rates on sugar and filed as an exhibit document entitled "Uniform Code of Rules for Sale of Refined Sugar in Ontario."

Mr. Caldwell, M.P., furnished the Committee with a comparative statement of fertilizer prices in Maine and New Brunswick, and filed as exhibits, price lists, and correspondence and sales agreements regarding same.

Mr. Isaac E. Pedlow, General Merchant, Renfrew, Ont., who was in attendance in obedience to summons *Duces Tecum* was called, made affirmation and gave evidence. Witness retired.

Committee adjourned at 11.15 o'clock a.m. to meet again at 4 o'clock p.m. this day.

Committee reassembled at 4 o'clock p.m.

Mr. Pedlow concluded his evidence and was discharged from further attendance.

Chairman submitted draft of proposed interim report to House, which was laid on table.

Committee adjourned at 5.30 o'clock p.m. to meet again at 10 o'clock a.m. to-morrow, Friday, April 20th, 1923.

S. R. GORDON,
Clerk to Committee.

HOUSE OF COMMONS,
COMMITTEE ROOM No. 268,
FRIDAY, April 20, 1923.

Committee met 10 o'clock a.m. Present: Messieurs McMaster (Presiding), Bouchard, Caldwell, Clifford, Elliott (Waterloo) Gardiner, Grimmer, Hammell, McKay, McMurray, Milne, Munro, Robinson, Sinclair (Queen's, P.E.I.), Sutherland, Tolmie—16.

Mr. George Spence, M.L.A. Farmer, Monchy, Sask., who was in attendance in obedience to summons was called, sworn, gave evidence and was discharged from further attendance.

Mr. N. B. Williams, Farm Manager, Abernethy, Sask., who was in attendance in obedience to summons was called, sworn and gave evidence. Witness retired.

Committee adjourned at 12.50 o'clock p.m. to meet again at 4 o'clock p.m. this day.

Committee reassembled at 4 o'clock p.m.

Mr. Williams concluded his evidence and was discharged from further attendance.

Committee went into executive session. Proposed interim report to the House was further discussed and again laid on the table.

Committee adjourned at 5.50 o'clock p.m. to meet again at 10 o'clock a.m. Monday, April 23, 1923.

S. R. GORDON,
Clerk to Committee.

HOUSE OF COMMONS,
COMMITTEE ROOM No. 268,
MONDAY, April 23, 1923.

Committee met at 10 o'clock a.m. Present,—Messieurs McMaster, Presiding), Bouchard, Caldwell, Gardiner, Hammell, McKay, McMurray, Milne, Munro, Robinson, Sales, Sinclair (Queen's, P.E.I.), Tolmie—13.

Mr. R. P. Sparks, Clothing Manufacturer, Hull, P.Q., who was in attendance was called, sworn, gave evidence and was requested to appear before the Committee again with further information.

Witness retired.

Committee adjourned at 1.15 o'clock p.m. to meet again at 7.30 o'clock p.m. this day.

Committee reassembled at 7.30 o'clock p.m.

On motion of Mr. Sales, seconded by Mr. Gardiner:

Ordered: That the Clerk be instructed to request Mr. J. S. McLean of the Harris Abbatoir Co., to forward the prices of the various cuts of pork similar to the cuts of beef as shown in their price list of April 17, 1923.

Mr. George F. Benson, manufacturer, Montreal, P.Q., who was in attendance was called, sworn, gave evidence and was discharged from further attendance.

Committee went into executive session to consider their fourth report to the House. Discussion followed.

On motion of Mr. McMaster, seconded by Mr. Milne the Report was unanimously adopted. (Report appears on page viii.)

Committee adjourned at 11.15 o'clock p.m. to meet again at 10 o'clock a.m. on Wednesday, April 25, 1923.

S. R. GORDON,
Clerk to Committee.

APPENDIX No. 3

HOUSE OF COMMONS,
COMMITTEE ROOM No. 268,
WEDNESDAY, April 25, 1923.

Committee met at 10 o'clock a.m. Present:—Messieurs McMaster (Presiding), Bouchard, Caldwell, Elliott (Waterloo), Gardiner, Hammell, McKay, Milne, Munro, Robinson, Sales, Sinclair (Queen's P.E.I.), Tolmie—13.

Mr. R. P. Sparks, Clothing Manufacturer, Hull, P.Q., was recalled, gave evidence and was requested to appear before Committee with further information. Witness retired.

Mr. Robert J. Deachman Journalist, Calgary, Alta., who was in attendance was called, sworn, gave evidence and retired.

Committee adjourned at 11.10 o'clock a.m. to meet again at 4 o'clock p.m. this day.

Committee reassembled at 4 o'clock p.m.

Chairman read letter from a Brome County, P.Q., farmer *re* express rates on Maple Sugar.

Mr. Deachman concluded his evidence and was discharged from further attendance.

Mr. Thomas King, Newspaper Correspondent, Washington, D.C., who was in attendance in obedience to summons, was called, sworn, gave evidence and retired.

Mr. William Gilchrist, Tariff Expert, Department of Trade and Commerce, Ottawa, Ontario, was called, gave evidence and was discharged from further attendance.

Committee adjourned at 5.50 o'clock p.m. to meet again at 10 o'clock a.m., tomorrow, Thursday, April 26, 1923.

S. R. GORDON,
Clerk to Committee.

HOUSE OF COMMONS,
COMMITTEE ROOM No. 268,
Thursday, April 26, 1923.

Committee met at 10 o'clock a.m. Present,—Messieurs McMaster, (Presiding), Bouchard, Caldwell, Elliott (Waterloo), Gardiner, Grimmer, Hammell, McKay, Milne, Munro, Robinson, Sales, Sinclair (Queen's, P.E.I.), Stansell, Tolmie,—15.

Mr. F. Pirie, Potato Shipper, Grand Falls, N.B., who was in attendance in obedience to summons, was called, sworn, gave evidence and was discharged from further attendance.

Mr. Thomas King was recalled, concluded his evidence and was discharged from further attendance.

Committee adjourned at 1.05 o'clock p.m., to meet again at 4 o'clock p.m. this day.

Committee reassembled at 4 o'clock p.m.

Mr. Wallace R. Campbell, Vice-President of Ford Motor Company of Canada, Limited, Ford City, Ontario, who was in attendance in obedience to summons, was called, sworn, and gave evidence and was discharged from further attendance.

On motion of Mr. Caldwell, seconded by Mr. Milne,—

Ordered,—That Messrs. A. B. McCain, Florenceville, N.B., and H. H. Hatfield, Hartland, N.B., be summoned to appear before this Committee at 10.30 a.m. on Tuesday next, May 1, 1923.

On motion of Mr. Sales, seconded by Mr. Gardiner,—

Ordered,—That Mr. John W. Reid be paid half of the cost of his expenses before this Committee.

Committee adjourned at 6.15 o'clock p.m. to meet again at 10 o'clock a.m. to-morrow, Friday, April 27, 1923.

S. R. GORDON,
Clerk to Committee.

COMMITTEE ROOM 268,
HOUSE OF COMMONS,
FRIDAY, April 27th, 1923.

Committee met at 10 o'clock a.m.

Present:—Messieurs McMaster (presiding), Bouchard, Caldwell, Clifford, Elliott (Waterloo), Gardiner, Grimmer, Hammel, McKay, Milne, Munro, Robinson, Sales, Sinclair (Queen's, P.E.I.), Stansell, Tolmie—16.

Chairman directed that letter from Canadian Cottons Ltd., dated Montreal, 25th April 1923, be placed on record. This letter is included in the minutes of evidence of to-day.

Memorandum of Lethbridge Board of Trade regarding equalization of freight rates and storage and terminal elevator facilities referred to Sub-Committee on Transportaton.

Memorandum of conference between the Special Standing Conference Committee of the Foreign Trade Committee—Atlantic Division and Steamship Apple Committee representing North Atlantic U. K. freight Conference held at 8-10 Bridge Street, New York City, Thursday, September 28th, 1922, filed as exhibit No. 91 and included in minutes of evidence of to-day.

Hon. C. M. Hamilton, Minister of Agriculture, Regina, Sask., who was in attendance was called, sworn, gave evidence and retired.

Committee adjourned at 1.05 o'clock p.m., to meet again at 3.30 o'clock p.m., this day.

Committee reassembled at 3.30 o'clock p.m.

Mr. Charles Gagne, Professor of Agriculture and Economics, Ste. Anne de la Pocatiere, who was in attendance in obedience to summons, was called, sworn, gave evidence and was discharged from further attendance.

APPENDIX No. 3

Hon. C. M. Hamilton was recalled, concluded his evidence and was discharged from further attendance.

Mr. George Bevington, farmer, Winterburn, Alta., who was in attendance in obedience to summons, was called, sworn, gave evidence and retired.

Committee adjourned at 6.05 o'clock p.m., to meet again at 8 o'clock p.m., this day.

Committee reassembled at 8 o'clock p.m., with Hon. Mr. Sinclair presiding.

Mr. Bevington concluded his evidence and was discharged from further attendance.

Committee adjourned at 9.10 o'clock p.m., to meet again at 10 o'clock a.m., Monday, April 30th, 1923.

S. R. GORDON,
Clerk to Committee.

HOUSE OF COMMONS,
COMMITTEE ROOM No. 268,
MONDAY, April 30, 1923.

Committee met at 10 o'clock a.m. Present:—Messieurs McMaster (presiding), Bouchard, Caldwell, Clifford, Elliott (Waterloo), Gardiner, Grimmer, Hammell, McKay, Milne, Munro, Robinson, Sales, Sinclair (Queen's, P.E.I.), Tolmie, Stansell—16.

Chairman read letter from Edmonton Board of Trade requesting Committee to hear their representatives. Clerk was instructed to advise them that Committee will hear them on mutually satisfactory date.

Mr. Elliott stated he had had a communication from the Hurlbut Shoe Company, requesting to be heard. Clerk was directed to invite this company to have their representative appear before the Committee.

Clerk was instructed to summon Mr. A. Neil MacLean of St. John, N.B., for Tuesday next.

Clerk was instructed to summon Mr. A. G. Farrow, Toronto, Ont., to appear on Wednesday.

Clerk was instructed to request the Massey-Harris Company to have their representative appear before the Committee on Wednesday next, prepared to furnish comparative costs and prices on farm implements in Canada and the United States.

On motion of Mr. Caldwell, seconded by Mr. Milne,

Ordered, That Messrs. Harry Webb and O. R. Estey, of Woodstock, N.B., be summoned to appear before the Committee on Tuesday, May 8.

On motion of Mr. Sales, seconded by Mr. McKay.

Ordered, That the corrections of the Grain Commissioners Report and the blueprints and information received from the Harris Abattoir Co. Ltd., be included in our printed report of to-day.

On motion of Mr. Gardiner, seconded by Mr. McKay,

Ordered, That the Chairman be instructed to draw the attention of the Government, on the Orders of the Day, to the fact that the Drayton Tariff Commission has never reported and that the report should be available to the members of this Committee and also to the members of the House.

On motion of Mr. Elliott, seconded by Mr. Sales.

Ordered, That Mr. John W. Ward be recalled to give evidence on Rural Credits.

Mr. Arthur Martel, Canadian representative of the United Brotherhood of Carpenters & Joiners of America, Toronto, Ont., who was in attendance, was called, sworn, gave evidence and was discharged from further attendance.

Mr. John W. Ward, Secretary, Canadian Council of Agriculture, Winnipeg, Man., who was in attendance, was recalled, gave evidence and discharged from further attendance.

Mr. Charles M. Bowman, Mutual Life Assurance Company, Waterloo, Ont., who was in attendance in obedience to summons was called, sworn, gave evidence and retired.

Committee adjourned at 1.10 o'clock p.m. to meet again at 4 o'clock p.m. this day.

Committee reassembled at 4 o'clock p.m.

Mr. Bowman continued his evidence and retired.

Committee adjourned at 6.20 o'clock p.m. to meet again at 11 o'clock a.m. to-morrow, Tuesday, May 1, 1923.

S. R. GORDON,
Clerk to Committee.

HOUSE OF COMMONS,
COMMITTEE ROOM No. 268,
TUESDAY, May 1, 1923.

Committee met at 11 o'clock a.m. Present—Messieurs McMaster (Presiding), Bouchard, Caldwell, Elliott (Waterloo), Gardiner, Grimmer, Hammell, McKay, Milne, Munro, Robinson, Sales, Sinclair (Queen's, P.E.I.), Stansel, Sutherland, Tolmie—16.

Mr. C. M. Bowman continued his evidence and was discharged from further attendance.

Mr. Alexander N. McLean, Retail Merchant, St. John, N.B., who was in attendance in obedience to summons was called, sworn, gave evidence and was discharged from further attendance.

Mr. John E. Warrington, Shoe Manufacturer, Quebec, Que., who was in attendance was called, sworn, gave evidence and retired.

Committee adjourned at 1.05 o'clock p.m. to meet again at 4 o'clock p.m. this day.

APPENDIX No. 3

Committee reassembled at 4 o'clock p.m.

Mr. Warrington concluded his evidence and was discharged from further attendance.

Mr. Joseph Daoust, Tanner and Shoe Manufacturer, Montreal, Que., who was in attendance, was called, sworn, gave evidence and was discharged from further attendance.

Mr. L. MacP. Ault, who was in attendance in obedience to summons *Duces Tecum* was called, sworn, gave evidence and was discharged from further attendance.

Committee adjourned at 6.15 o'clock p.m. to meet again at 8 o'clock p.m. this day.

Committee reassembled at 8 o'clock p.m.

Mr. S. Roy Weaver, Manager, Shoe Manufacturing Association of Canada, Montreal, Que., who was in attendance, was called, sworn, gave evidence and was discharged from further attendance.

Mr. F. W. Stewart, Managing Director, Cluett-Peabody Co. of Canada Ltd., of Montreal, Que., who was in attendance, was called, sworn, gave evidence and retired.

Committee adjourned at 11.10 p.m. to attend in the House.

Committee reassembled at 11.25 o'clock p.m.

Mr. Stewart concluded his evidence and was discharged from further attendance.

Committee adjourned at 12.15 o'clock a.m. to meet again at 11 o'clock a.m. this day, Wednesday, May 2, 1923.

S. R. GORDON,
Clerk to Committee.

HOUSE OF COMMONS,
COMMITTEE ROOM No. 268,
WEDNESDAY, May 2, 1923.

Committee met at 11.00 o'clock a.m. Present—Messieurs McMaster (presiding), Bouchard, Caldwell, Clifford Elliott (*Waterloo*), Gardiner, Grimmer, Hammell, McKay, Milne, Munro, Robinson, Sales, Sinclair (*Queen's, P.E.I.*) Stansell, Sutherland, Tolmie—17.

Mr. Thomas Bradshaw, General Manager, The Massey-Harris Co., Ltd., Toronto, Ont., who was in attendance in obedience to a summons *Duces Tecum*, was called, sworn, gave evidence and retired.

Committee adjourned at 12.55 o'clock p.m., to meet again at 3.30 o'clock p.m., this day.

Committee reassembled at 3.30 o'clock p.m.

Mr. Bradshaw continued his evidence and retired.

Committee adjourned at 5.35 o'clock p.m., to meet again at 11.00 o'clock to-morrow, Thursday, May 3, 1923.

S. R. GORDON,
Clerk to Committee.

HOUSE OF COMMONS,
COMMITTEE ROOM No. 268,
THURSDAY, May 3, 1923.

Committee met at 11 o'clock a.m. Present—Messieurs McMaster (presiding), Bouchard, Caldwell, Clifford, Elliott (Waterloo), Gardiner, Grimmer, Hammell, McKay, Milne, Munro, Robinson, Sales, Hon. J. E. Sinclair (Queen's), Stansell, Sutherland, Tolmie—17.

Mr. Alvin George Farrow, Chairman of the Agricultural Development Board, Toronto, Ont., who was in attendance in obedience to summons, was called, sworn, gave evidence, and retired.

Committee adjourned at 1.15 o'clock p.m. to meet again at 4 o'clock p.m this day.

Committee reassembled at 4 o'clock p.m.

Mr. Farrow concluded his evidence and was discharged from further attendance.

On motion of Mr. McKay, seconded by Mr. Gardiner,

Ordered, "That the Secretary be instructed to convey the thanks of this Committee to Mr. M. M. Mahoney, of the Canadian Offices attached to the British Embassy at Washington for the assistance he has given to us in obtaining reports and other information from the Washington authorities, to which authorities he is also asked to convey the thanks of this Committee for their promptness and courtesy in furnishing us with so much valuable information concerning the subjects in the investigation of which this Committee is engaged."

Committee adjourned at 5.30 o'clock p.m. to meet again at 11 o'clock a.m. Monday, May 7, 1923.

S. R. GORDON,
Clerk to Committee.

HOUSE OF COMMONS,
COMMITTEE ROOM No. 268,
MONDAY, May 7th, 1923

Committee met at 11.00 o'clock a.m. Present—Messieurs Sinclair (Presiding), Bouchard, Caldwell, Clifford, Gardiner, Grimmer, Hammell, McKay, McMurray, Milne, Munro, Robinson, Sales, Tolmie—14.

APPENDIX No. 3

The Acting Chairman read letter from Mr. A. R. McMaster, Chairman of the Committee, stating that he would be unable to be present and requesting Mr. Sinclair to act in his stead.

The fifth Annual Report of the Canadian Co-operative Wool Growers, Ltd., accompanied by samples of cloth made by that Company were laid on the table and ordered to be filed as exhibits.

Letter was read from T. K. Doherty, Commissioner of the International Institute of Agriculture, enclosing tables showing production of raw cane and beet sugar, a statement on the world's production of cane sugar and sugar beets and a statement on the world's production of sugar. The tables and statements were ordered to be filed and printed as exhibits.

Mr. Lachlin McNeil, Commissioner, Manitoba Farm Loan Association, Winnipeg, Man., who was in attendance in obedience to summons *Decus Tecum* was called, sworn, gave evidence and was discharged from further attendance.

Mr. Colin Fraser, Commissioner, Saskatchewan Farm Loan Board, Regina, Sask., who was in attendance in obedience to summons *Decus Tecum* was called, sworn, gave evidence and retired.

Mr. Grimmer moved the following which was laid on the table;—for discussion at the afternoon session:—

> "That, Messieurs Guy Porter of Perth, Charles Gallagher of Bath and Frank Smith of East Florenceville all in the Province of New Brunswick be summoned to give evidence before this Committee; and also that F. W. Pirie be recalled and bring with him all books and papers in connection with the sale of fertilizer by him to the farmers in the past two years."

Committee adjourned at 1.15 o'clock p.m. to meet again at 4.00 o'clock p.m. this day.

Committee reassembled at 4.00 o'clock p.m.

Mr. Grimmer's motion was further discussed and laid over until the next meeting of the Committee.

Mr. Colin Fraser concluded his evidence and was discharged from further attendance.

Committee adjourned at 5.15 o'clock p.m. to meet again at 11.00 o'clock a.m. to-morrow, Tuesday, May 8, 1923.

S. R. GORDON,
Clerk to Committee.

HOUSE OF COMMONS,
COMMITTEE ROOM No. 268,
Tuesday, May 8, 1923.

Committee met at 11 o'clock a.m.

Present—Messieurs McMaster (Presiding), Bouchard, Caldwell, Gardiner, Grimmer, Hammell, McKay, McMurray, Milne, Munro, Sales, Sinclair (Queen's, P.E.I.), Tolmie,—12.

Mr. A. E. Dewar, farmer, Charlottetown, P.E.I., who was in attendance in obedience to summons *Decus Tecum*, was called, sworn, gave evidence and was discharged from further attendance.

Committee adjourned at 12.45 o'clock p.m., to meet again at 8 o'clock p.m. this day.

Committee re-assembled at 8 o'clock p.m.

Mr. H. H. Hatfield, potato merchant, Hartland, N.B., who was in attendance in obedience to summons *Decus Tecum*, was called, sworn, gave evidence and was discharged from further attendance.

Mr. O. R. Estey, potato merchant, Woodstock, N.B., who was in attendance in obedience to summons, was called, sworn, gave evidence and retired.

Committee adjourned at 10.15 o'clock p.m. to attend in the House.

Committee reassembled at 10.30 o'clock p.m.

Mr. Estey concluded his evidence and was discharged from further attendance.

Committee adjourned at 11.35 o'clock p.m. to meet again at 10.30 o'clock a.m. to-morrow, Wednesday, May 9, 1923.

S. R. GORDON,
Clerk to Committee.

HOUSE OF COMMONS,
COMMITTEE ROOM No. 268,
WEDNESDAY, May 9, 1923.

Committee met at 10.30 o'clock a.m. Present: Messieurs McMaster (presiding), Bouchard, Caldwell, Clifford, Elliott (Waterloo), Gardiner, Grimmer, Hammell, McKay, Milne, Munro, Robinson, Sales, Sinclair (Queens, P.E.I.), and Tolmie—15.

Committee in Executive Session.

Chairman read correspondence with Minister of Trade and Commerce regarding sugar situation.

On motion of Mr. Munro, seconded by Mr. Bouchard,

Ordered, That representatives of the six largest sugar refineries in Canada be summoned to attend before this Committee for the purpose of inquiring into the high price of sugar, and the causes therefor; the said representatives to have with them and to produce before the Committee figures showing the cost of their raw material, the price they are receiving for the finished product, and their costs of production and distribution, including the spreads between the manufacturer and the ultimate consumer; and, also to explain the relationship which exists between the sugar industry of this country and that of other countries.

On motion of Mr. Tolmie, seconded by Mr. McKay

Ordered, That Messrs. H. A. Newman and J. A. Ruddick of the Department of Agriculture be asked to appear before the Committee.

APPENDIX No. 3

Mr. J. A. Imrie, newspaper publisher, Edmonton, Alta., who was in attendance, was called, sworn, gave evidence and was discharged from further attendance. Mr. K. A. Blatchford, insurance adjuster, Edmonton, Alta., who was in attendance, was called, sworn, gave evidence and was discharged from further attendance.

Committee adjourned at 12.50 o'clock p.m. to meet again at 4 o'clock p.m. this day.

Committee reassembled at 4 o'clock p.m.

Mr. W. W. Swanson, college professor, Saskatoon, Sask., who was in attendance, was called, sworn, gave evidence and was discharged from further attendance.

Committee adjourned at 5.55 o'clock p.m. to meet at 10.30 o'clock a.m. to-morrow, Thursday, May 10, 1923.

S. R. GORDON,
Clerk to Committee.

HOUSE OF COMMONS,
COMMITTEE ROOM No. 268,
THURSDAY, May 10, 1923.

Committee met at 10.30 o'clock a.m. Present—Messieurs McMaster (Presiding), Bouchard, Caldwell, Elliott (Waterloo), Gardiner, Grimmer, Hammell, McKay, Milne, Munro, Robinson, Sales, Sinclair (Queen's P.E.I.), Tolmie—14.

Chairman read number of letters which were ordered to be filed as exhibits.

Mr. C. S. W. Short, Cost Estimator, of the Massey-Harris Co., Ltd., Toronto, Ont., who was in attendance in obedience to summons Decus Tecum was called, sworn, gave evidence and retired.

Committee adjourned at 1.10 o'clock p.m. to meet again at 2.30 o'clock p.m. this day.

Committee reassembled at 2.30 o'clock p.m.

Mr. Short concluded his evidence and was discharged from further attendance.

Mr. Thomas Bradshaw, General Manager, of the Massey-Harris Co., Toronto, Ont., who was in attendance in obedience to summons *Duces Tecum* was called, sworn, gave evidence and retired.

Mr. C. E. Hurlbut, Manager, Hurlbut Shoe Co., who was in attendance was called, sworn, gave evidence and retired.

Committee adjourned at 5.50 o'clock p.m. to meet again at 8 o'clock p.m. this day.

Committee reassembled at 8 o'clock p.m.

Mr. Hurlbut concluded his evidence and was discharged from further attendance.

Mr. E. N. Trowern, addressed Committee *re* Retail Merchants Association.

Mr. Edward A. Stephens, Retail Shoe Merchant, Ottawa, Ont., who was in attendance was called, sworn, gave evidence and retired.

Mr. J. W. McElroy, who was in attendance was called, sworn, gave evidence and retired.

Mr. Norman Sommerville, K.C., Counsel, Edmonton Stock Yards, Toronto, Ont., who was in attendance was called, sworn, gave evidence and retired.

Mr. John Evans, M.P., made a statement before the Committee regarding evidence given by Mr. T. Bradshaw earlier in the day.

Mr. Bradshaw who was again in attendance made statement in reply.

Committee adjourned at 10.55 o'clock p.m. to meet again at 10.30 o'clock a.m. to-morrow, Friday May 11, 1923.

S. R. GORDON,
Clerk of Committee.

HOUSE OF COMMONS,
COMMITTEE ROOM No. 268,
FRIDAY, May 11, 1923.

Committee met at 10.30 o'clock, a.m. Present:—Messieurs McMaster (Presiding), Bouchard, Caldwell, Clifford, Elliott (Waterloo), Gardiner, Grimmer, Hammell, McKay, Milne, Munro, Robinson, Sales, Sinclair (Queen's, P.E.I.), Tolmie.—15.

Mr. A. C. Pyke, Secretary, Wholesale Grocers Association, Toronto, Canada, who was in attendance was called, sworn, gave evidence and retired.

Mr. Edward N. Trowern, Secretary, Dominion Board Retail Merchants Association, Ottawa, Ont., who was in attendance was called, sworn, gave evidence and retired.

Mr. A. E. Kelly, Retail Grocer, Ottawa, Ont., who was in attendance was called, sworn, gave evidence and retired.

Mr. A. C. Pyke was recalled, concluded his evidence and was discharged from further attendance.

Mr. John A. Ruddick, Dairy and Cold Storage Commissioner, Dept. of Agriculture, Ottawa, Ont., who was in attendance in obedience to summons was called, gave evidence and retired.

Committee adjourned at 1 o'clock, p.m., to meet again at 10.30 o'clock, a.m. on Monday, May 14th, 1923.

S. R. GORDON,
Clerk to Committee.

APPENDIX No. 3

HOUSE OF COMMONS,
COMMITTEE ROOM No. 268,
MONDAY, May 14, 1923.

Committee met at 10.30 o'clock, a.m. Present: Messieurs McMaster (Presiding), Elliott (Waterloo), Gardiner, Grimmer, Hammell, McKay, Milne, Robinson, Sales, Sinclair (Queen's, P.E.I.), Stansell, Tolmie.—12.

On motion of Mr. McKay, seconded by Mr. Tolmie,

Ordered, That Messrs. C. E. Neill, General Manager, Royal Bank of Canada, Montreal, Que., and H. A. Richardson, General Manager, Bank of Nova Scotia, Toronto, Ont., be summoned to appear before this Committee at 10.30 a.m. on Tuesday, the 15th day of May, 1923, to give evidence concerning the high price of sugar and the reasons therefor, and that they be instructed to have with them, and then and there produce, the books of their respective banks or extracts therefrom, to determine the amount of loans made by the Royal Bank of Canada and the Bank of Nova Scotia in Cuba and other West India Islands and in Canada to producers, refiners and dealers in sugar.

Mr. L. H. Newman, Dominion Cerealist, who was in attendance in obedience to summons was called, gave evidence and retired.

Mr. J. D. Fairbairn, President, Niagara District Grape Growers Association, Beamsville, Ont., who was in attendance in obedience to summons was called, sworn, gave evidence and retired.

Committee adjourned at 1.15 o'clock p.m. to meet again at 7.30 o'clock p.m. this day.

Committee reassembled at 7.30 o'clock p.m. this day.

Mr. Fairbairn concluded his evidence and was discharged from further attendance.

Committee adjourned at 10.30 o'clock p.m. to meet again at 10.30 a.m. to-morrow, Tuesday, May 15th, 1923.

S. R. GORDON,
Clerk to Committee.

HOUSE OF COMMONS,
COMMITTEE ROOM No. 268,
TUESDAY, May 15, 1923.

Committee met at 10.30 o'clock, a.m. Present—Messieurs McMaster (Presiding), Caldwell, Clifford, Elliott (Waterloo), Gardiner, Hammell, McKay, McMurray, Milne, Munro, Robinson, Sales, Sinclair (Queen's, P.E.I.), Sutherland, Tolmie—15.

Mr. H. R. Drummond, President, Canada Sugar Refinery, Montreal, Que., who was in attendance to obedience to summons *Duces Tecum* was called, sworn, gave evidence and retired.

Committee adjourned at 1.15 o'clock p.m. to meet again at 3.15 o'clock p.m. this day for an executive session.

Committee reassembled at 3.15 o'clock p.m.

After discussion, Committee decided that the investigation of this Committee into prices of sugar would be inadequate and incomplete if they did not secure the costs of refining sugar, and therefore, decided to hear arguments from the representatives of the sugar refineries as to why the evidence giving reference to such costs should not be published.

Committee was addressed by Messrs. H. R. Drummond, J. W. McConnell and W. A. Hobbins.

After hearing argument, Committee decided that the enquiry into the costs of refining sugar should be held in camera.

Mr. H. R. Drummond was recalled, concluded his evidence and retired.

Mr. W. A. Hobbins, President, Atlantic Sugar Refining Co., Montreal, Que., who was in attendance in obedience to summons *Duces Tecum* was called, sworn, gave evidence in camera and retired.

The Committee adjourned at 6.00 o'clock p.m. to meet again at 8.30 o'clock p.m.

Committee reassembled at 8.30 o'clock p.m.

Mr. W. B. Hobbins continued his evidence in camera and retired.

Mr. J. W. McConnell, President, the St. Lawrence Sugar Refinery Co., Montreal, Que., who was in attendance in obedience to summons *Duces Tecum* was called, sworn, gave evidence in camera and retired.

Committee adjourned at 10.30 o'clock p.m. to meet again at 10.00 o'clock, to-morrow, Wednesday, May 16, 1923.

S. R. GORDON,
Clerk of Committee.

HOUSE OF COMMONS,
COMMITTEE ROOM No. 268,
WEDNESDAY, May 16, 1923.

Committee met at 10.00 o'clock a.m. Present:—Messieurs McMaster (presiding), Bouchard, Caldwell, Clifford, Elliott (Waterloo), Gardiner, Grimmer, Hammell, McKay, McMurray, Milne, Munro, Robinson, Sales, Sinclair (Queen's P.E.I.), Stansell, Sutherland, Tolmie.—18.

Mr. Huntley R. Drummond, recalled and concluded his in camera evidence and retired.

Mr. D. R. Turnbull, who was in attendance in obedience to summons, *Duces Tecum*, was called, sworn, gave evidence in camera and retired.

Mr. C. H. Houson, President, Dominion Sugar Co., Chatham, Ont., who was in attendance in obedience to summons, *Duces Tecum*, was called, sworn, gave evidence in camera and retired.

Mr. J. W. McConnell, concluded his evidence in camera and retired.

APPENDIX No. 3

The taking of evidence in camera was concluded and Committee resumed in public session.

Mr. J. W. McConnell, concluded his evidence and retired.

Committee adjourned at 1.15 o'clock p.m., to meet again at 3.30 o'clock p.m., this day.

Committee reassembled at 3.30 o'clock p.m.

Mr. W. A. Hobbins, was recalled and continued his evidence and retired.

Mr. J. W. McConnell, was recalled, concluded his evidence and was discharged from further attendance.

Mr. W. A. Hobbins, was recalled, concluded his evidence and was discharged from further attendance.

Mr. C. E. Neill, General Manager, of the Royal Bank of Canada, Montreal, P.Q., who was in attendance in obedience to summons, *Duces Tecum*, was called, sworn, gave evidence and was discharged from further attendance.

Committee adjourned at 6.20 o'clock p.m., to meet again at 8.30 o'clock p.m., this day.

Committee reassembled at 8.30 o'clock p.m.

Mr. C. D. Schurman, Superintendent of Foreign Branches, Bank of Nova Scotia, Toronto, Ont., who was in attendance in obedience to summons *Duces Tecum* was called, sworn, gave evidence and was discharged from further attendance.

Mr. C. H. Houson, was recalled, continued his evidence and retired.

S. R. GORDON,
Clerk to Committee.

HOUSE OF COMMONS,
COMMITTEE ROOM No. 268,
THURSDAY, May 17, 1923.

Committee met at 10.30 o'clock a.m. Present—Messieurs McMaster (presiding), Caldwell, Elliott (Waterloo), Gardiner, Hammell, McKay, Milne Munro, Sales, Hon. J. E. Sinclair (Queen's), Stansell, Sutherland—10.

Mr. William Archibald MacIntosh, Associate Professor of Economics, Queens University, Kingston, Ont. who was in attendance was called, sworn gave evidence, and retired.

Committee adjourned at 12.45 o'clock p.m. to meet again at 10.30 a.m. Friday, May 18, 1923.

S. R. GORDON,
Clerk to Committee.

HOUSE OF COMMONS,
COMMITTEE ROOM 268,
Friday, May 18, 1923.

Committee met at 10.30 o'clock a.m. Present: Messieurs McMaster (Presiding), Bouchard, Clifford, Elliott (Waterloo), Gardiner, Grimmer, Hammell, Milne, Robinson, Sales, Sinclair (Queen's, P.E.I.), Sutherland—12.

The Chairman presented a report of the estimated expenses of the Committee to date, which was ordered to be printed in the minutes of evidence.

Mr. J. L. Dougherty, Secretary of the Ontario Sugar Beet Growers' Association, Chatham, Ontario, who was in attendance in obedience to summons was called, sworn, gave evidence and was discharged from further attendance.

Mr. C. H. Houson was recalled, concluded his evidence and was discharged from further attendance.

Committee adjourned at 1.30 o'clock p.m. to meet again at the call of the Chair.

S. R. GORDON,
Clerk to Committee.

HOUSE OF COMMONS,
COMMITTEE ROOM No. 268,
WEDNESDAY, June 13, 1923.

Committee met at 4 o'clock P.M. Present: Messieurs McMaster (Presiding), Bouchard, Caldwell, Elliott (Waterloo), Gardiner, Grimmer, Hammell, Lanctot, McKay, McMurray, Milne, Munro, Robinson, Sinclair (Queen's, P. E.I.), and Tolmie—15.

On motion of Mr. Elliott, seconded by Mr. Sinclair.

Ordered: That Exhibit No. 215, "Brief of the Lethbridge Board of Trade on Western Freight Routes and Terminal Elevator at Lethbridge," as read by the Chairman, be printed as an appendix to the Minutes of Proceedings of to-day.

On motion of Mr. Gardiner, seconded by Mr. Robinson.

Ordered: That Exhibit No. 216, "Brief of the Wholesale Dry Goods Association," be printed as an appendix to the Minutes of Proceedings of to-day.

Chairman submitted to Committee for approval a suggested further report to the House on Ocean Freight Rates. After discussion of same Clerk was ordered to have sufficient copies typed forthwith to supply each member of the Committee with a copy.

A suggestion was put before Committee that Report No. 23 of the Committee be printed for general distribution. After discussion Committee decided not to authorize the printing of any extra copies of this report.

Chairman submitted Memoranda of the Dominion Mortgage and Investment Association and Clerk was ordered to have sufficient copies typed to supply each member of the Committee with a copy.

APPENDIX No. 3

Mr. Gardiner, Chairman of the sub-committee on Rural Credits read a memorandum he had prepared and the Clerk was ordered to have sufficient copies typed forthwith to supply each member of the Committee with a copy.

After discussion Committee decided, so far as possible, to prepare Reports for presentation to the House on the following subjects:—

(*a*) Ocean freight rates.

(*b*) Rural Credits.

(*c*) The Farmer as Vendor and as Purchaser,

Committee adjourned at 6.05 o'clock P.M. to meet again at 10.30 o'clock A.M. on Friday, June 15, 1923.

S. R. GORDON,
Clerk to Committee.

HOUSE OF COMMONS,
COMMITTEE ROOM No. 268,
FRIDAY, June 15, 1923.

Committee met at 10.30 o'clock a.m. Present: Messieurs McMaster (presiding), Bouchard, Caldwell, Gardiner, Grimmer, Hammell, Lanctot, McKay, McMurray, Milne, Munro, Robinson, Sinclair (Queen's, P.E.I.), Stansell and Tolmie—15.

Chairman read correspondence from Messrs. Munro, Dougherty, et al, re the sugar beet situation in Ontario. After discussion the correspondence was ordered to be filed.

The fifth interim Report—that of ocean freight rates—was again taken up and discussed.

Committee adjourned at 1.05 o'clock p.m. to meet again at 5 o'clock p.m. this day.

Committee reassembled at 5 o'clock p.m.

The fifth interim Report was further discussed and laid over until the next meeting of the Committee.

Committee adjourned at 6.05 o'clock p.m. to meet again at 11 o'clock a.m. on Monday, June 18, 1923.

S. R. GORDON,
Clerk to Committee.

HOUSE OF COMMONS,
COMMITTEE ROOM No. 268,
MONDAY, June 18, 1923.

Committee met at 11.00 o'clock a.m. Present:—Messieurs McMaster (Presiding), Bouchard, Caldwell, Clifford, Gardiner, Grimmer, Hammell, McKay, McMurray, Milne, Munro, Robinson, Sales, Sinclair (Queen's, P.E.I.), and Tolmie—15.

Chairman read redraft of proposed Report to the House on "Ocean Transportation."

Discussion followed.

On motion of Mr. Caldwell, seconded by Mr. Munro, the draft Report as read by the Chairman was adopted, and the Chairman ordered to present it to the House as the fifth interim Report of this Committee. (Report appears on page x.)

Mr. E. S. Archibald, Director of Dominion Experimental Farms, Ottawa, Ont., who was in attendance, was called, gave evidence and retired.

Committee adjourned at 1.15 o'clock P.M. to meet again at 7.30 o'clock P.M. this day.

Committee reassembled at 7.30 o'clock P.M.

Mr. Gardiner, Chairman of the sub-committee on Rural Credits, read a memorandum he had prepared on this subject.

Discussion followed.

Mr. McMaster, General Chairman of the Committee, read a memorandum he had prepared on Rural Credits.

Discussion followed, after which the memoranda were laid over for redrafting and presentation to the Committee in the form of a Report.

On motion of Mr. Hammell, seconded by Mr. Sales.

Ordered, That 2,000 copies of to-day's Report containing the fifth Interim Report of this Committee be printed for the purpose of supplying the demand for this Report.

Committee adjourned at 9.15 o'clock P.M. to meet again at 11.00 o'clock A.M. to-morrow, Tuesday, June 19th, 1923.

S. R. GORDON,
Clerk of Committee.

HOUSE OF COMMONS,
COMMITTEE ROOM No. 268,
TUESDAY, June 19, 1923.

Committee met at 11 o'clock a.m.

Present: Messieurs McMaster (presiding), Bouchard, Caldwell, Elliott (Waterloo), Gardiner, Hammell, Lanctot, McKay, Milne, Munro, Robinson, Sales, Sinclair (Queen's)—13.

Chairman read draft or proposed report on Rural Credits.

Discussion followed.

On motion of Mr. Gardiner, seconded by Mr. Bouchard. Ordered, that the memorandum of Mr. Gardiner on Rural Credits as read by him at the last meeting, be incorporated in our minutes of proceedings of to-day, as follows:—

APPENDIX No. 3

MEMORANDUM ON RURAL CREDITS

Evidence before the Committee reveals the fact that there is need of some method of financing agriculture other than through our present banks—Our banking system was primarily designed to meet the requirements of our industrial and commercial system, inasmuch as the banks because of limitations prescribed by the Bank Act can only advance short term loans. The necessity for keeping a substantial portion of their assets liquid in order to meet any possible demands of their depositors renders it imperative that the banks lend mainly on short term paper.

This form of financing is not at all suited to agriculture. The turn over of a farm is a comparatively slow process. Loans for the purpose of growing what is usually termed "Cash Crops" would require a period of from 9 to 15 months. This would give the farmer an opportunity to market his crop in an orderly manner and prevent in a measure the possible glutting of the market.

Loans for the purpose of growing crops that are to be fed to stock must. of necessity, be of still longer duration.

Loans for the purpose of buying good breeding stock should run for a period of at least 3 to 4 years. This is necessary in order to give an opportunity for the farmer to get some return from his investment.

Long term loans are required, running for from 5 to 35 years at the option of the farmer for the purpose of funding the farmers' debts accumulated during the deflation period and for providing for permanent improvements.

A survey of the evidence reveals the fact that with the exception of those provinces where the Provincial Governments have instituted some form of long term loan for farmers the time for loans is usually five years at rates of interest of 8 per cent and 9 per cent per annum.

For long term loans the time is too short and the interest rates too high. Agriculture is not a sufficiently profitable occupation as to allow of paying high interest charges on borrowed money. No other industry is expected to, nor does, pay such high rates of interest. Industries that receive the benefit of a protective tariff maintain that they cannot pay more than 6 per cent on the average, for their borrowed capital. How then can the farmer, who receives no protection, but competes in the open markets of the world, pay interest charges of 2 per cent and 3 per cent higher than protected industries can afford to pay?

Some Provincial Governments have passed legislation creating Farm Loan Boards in an endeavour to secure cheaper money for long term loans. These have rendered very efficient service. The main difficulty met by these Farm Loan Boards is the shortage of sufficient funds to meet the ever-increasing demand. How to supply sufficient funds at reasonable rates of interest is the question to which we must direct our efforts. Agriculture, being a basic and at the same time our most important industry, it is of national concern that adequate supplies of money be available at such rates of interest that are within the means of the farmer to pay.

In the past it has been the practice to pledge the national credit for the use of individual credit and pay interest for the privilege, nowithstanding the fact that the national credit is equal to the total individual credit. Real credit, in the final analysis, is the ability to produce goods and services and to deliver the same. In order to provide money for long term farm loans, I desire to lay before the Committee a proposal based on the utilization of our national and provincial credit.

At the outbreak of the war, 1914, the banks approached the Finance Minister and asked the Government's assistance in stabilizing their business. After this conference an Order in Council was passed followed later by an

Act of Parliament to confirm the aforesaid Order in Council. This was the Finance Act of 1914. This Order in Council gave many privileges to the banks amongst which can be cited for instance, that the gold standard was suspended and that the banks could pay all their liabilities with their own notes.

The Act also authorizes the Finance Minister to make advances in the form of Dominion Notes against securities satisfactory to the Treasury Board. These securities include Dominion, Provincial and Municipal bonds, certain industrial bonds and stocks, assignments of grain and produce and demand notes, endorsed by the bank to the order of the Finance Minister. The banks pay interest to the Treasury Board for these issues of Dominion Notes. They place them in the central gold reserve and issue their own notes against them.

It is my contention that a Provincial Government is just as important as any bank in Canada, and for the purpose of providing money for long term loans to farmers should be granted the same privileges as the banks, that is, to pledge its bonds for an issue of Dominion notes, for the purpose of financing long term loans, paying interest for that accommodation. By this method, we would be using our own national credit and not the credit of individuals. The Federal Government would receive interest for loans so made. This interest would, in turn, become part of the annual revenue of Canada. Provincial Governments would have the responsibility of determining as to whether they would take advantage of this proposal and those Governments who have long term rural credits now in operation might, if more money is needed, use this method to supplement their present source of supply.

The responsibility for the creation of the necessary machinery to give effect to this method of financing the farmers with long term loans would rest with the Provincial Governments.

It may be claimed by some that this would be putting into circulation fiat money. In this connection, permit me to quote an extract from the pamphlet written by Sir Edmund Walker, entitled "Canadian Banking"—page 34:—

> Little of anything in the financial history of Canada is more creditable than the Finance Act of 1914. The bankers in response to the call of the Finance Minister met him in Ottawa on the 3rd of August, and the discussion resulted in the issue that night of the Order-in-Council which the Finance Act was passed to confirm. The Act is intended to meet an emergency arising from "War, invasion, riot or insurrection, real or apprehended, and in the case of any *real or apprehended financial crisis*" and as it operates by proclamation in whole or in part, there seems to be no objection to the Act remaining on the Statute book.
>
> The Act authorized: (1) The Minister of Finance to make advances to the banks in the form of Dominion Notes, against securities satisfactory to the Treasury Board; (2) It authorized the banks to pay their debts in their own notes provided such notes were not issued in excess of the bank's authority under the Bank and the Finance Acts; (3) It made more elastic the use of emergency circulation already permitted by the Bank Act; (4) It suspended the redemption in gold of Dominion notes; and (5) It made a general moratorium possible at any time by mere proclamation.
>
> The Dominion notes or legal tenders issued during the war were thus quite different from the fiat money of many countries. They were based upon securities pledged by the borrower.

No. 17.

June 19, 1922.

APPENDIX No. 3

ANSWERS TO QUESTIONS

By Mr. Garland—

According to a statement on Hansard last year the amount of Dominion Government notes issued for circulation was, at February 28, 1921, $290,194,-519.92.

1. For what reason was this amount of Dominion notes issued for circulation?
2. For what purpose?
3. What security was taken?
4. Does the Government receive interest?

ANSWERS:—

1, 2 and 3. Of Dominion notes outstanding at February 28, 1921, $127,-079,444.92 were issued against gold under the provisions of the Dominion Notes Act, 1914. Of the balance, namely, $163,115,075, $26,000,000 were issued under Chapter 4-5, Geo. V, with security as provided therein; $50,000,000 were issued as advances to the Imperial Government for the purpose of assisting in financing its war purchases of Canadian produce, munitions, etc., and were secured by the deposit of the Dominion of Canada, New Zealand and South Africa sterling bonds, and Canadian Pacific Railway debenture stock; and $87,115,075 were issued to banks at advances under the Finance Act, 1914, and secured by the deposit of securities approved by the Treasury Board, including Dominion of Canada bonds and Treasury bills, bonds of the provinces of Canada and Canadian municipalities, British Government Treasury bills, Canadian Northern Railway Company notes, certain industrial bonds and stocks, assignments of grain and produce and demand notes of commercial houses endorsed by the banks to the order of the Minister of Finance.

4. Yes.

On motion of Mr. McMaster, seconded by Mr. Bouchard, *Ordered,* That the draft report on Rural Credits as read by the Chairman and amended by this Committee be adopted as the Sixth Interim Report.

On motion of Mr. Hammell, seconded by Mr. Sales,—

Ordered: That the following be adopted as the Seventh Interim Report of this Committee, and that the Chairman be instructed to present the same to the House as such:—

7TH REPORT OF SPECIAL COMMITTEE APPOINTED TO INQUIRE INTO AGRICULTURAL CONDITIONS

The Special Committee appointed to inquire into agricultural conditions beg leave to present the following as their Seventh Report:

Your Committee have held 80 sittings on 45 separate days, have heard the evidence of 103 witnesses, and have had 223 exhibits filed with them; but have not been able to make a complete inquiry into the matters submitted to them under the Order of Reference.

In view of the important and widespread information collected during the sittings of your Committee and the impossibility of digesting and properly weighing the evidence in the time at their disposal before prorogation, your Committee respectfully recommend that a similar Committee be appointed at an early period of the next session of Parliament.

Your Committee beg to submit herewith for the information of the House a printed copy of their proceedings and the evidence given before the Committee, and also certain documents and articles submitted to the Committee but not contained in the proceedings.

Your Committee recommend that the Orders of Reference, reports, proceedings and the evidence given before the Committee, together with a suitable, synoptic index, to be prepared by the Clerk of the Committee, be printed as an appendix to the Journals of the House of the present session; and that the whole be subdivided under the subjects of,

(*a*) Production,
(*b*) Transportation, Distributing and Marketing,
(*c*) Rural Credits,
(*d*) Relation of Prices obtained by the Agriculturists as Producers and paid by them as Consumers,

and printed in blue book form for distribution, and that Rule 74 be suspended in reference thereto.

A. R. McMASTER,
Chairman.

Committee adjourned at 1.05 o'clock p.m., *sine die*.

S. R. GORDON,
Clerk to Committee.

APPENDIX No. 3

AGENDA

(As Amended)

SUBJECTS suggested for investigation by special committee appointed to inquire into agricultural conditions throughout Canada

1. The present condition of agriculture:
   - (*a*) in the Maritime Provinces;
   - (*b*) in Ontario and Quebec;
   - (*c*) in the Prairie Provinces;
   - (*d*) in British Columbia.

2. The causes of such conditions:

Where these conditions are unfavourable, an examination into remedies, with special reference to the best methods of livestock marketing; the lowering of the production costs of meats; the development of the bacon industry; of the beef industry; of the pure-bred livestock industry; of health of animals. A special investigation into the fruit industry as regards apples, tender fruits, small fruits and bush fruits, involving the problems of production, marketing and transportation. An investigation into the dairy industry along the lines of direction or encouragement of breeding, suitable crop production and marketing. Consideration of special lines of farming or particular crops as likely to increase farm returns and afford diversification in production, with regard to sugar beets, tobacco, flax, hemp, potatoes, special Northern-grown seeds of cereals, grasses, clovers, vegetables and roots, fur farming, maple sugar industry, bee-keeping.

3. The cause of the difference between the prices of agricultural products paid to the producer and the ultimate cost of the same to the consumer.

4. The relation of prices of commodities purchased by agricultural producers and the prices obtained by such producers for their own products.

5. The banking and financial resources and credits of the country as affecting agricultural producers, with an examination into the various systems of rural credits in this and other countries.

6. The marketing and transportation facilities of the country in respect to agricultural produce, with a special investigation into the merits and demerits of co-operative buying and selling, and including an examination into alleged abuses connected with the mixing of grains in elevators.

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MINUTES OF EVIDENCE

HOUSE OF COMMONS,
COMMITTEE ROOM 425,
WEDNESDAY, March 7, 1923.

The Special Committee appointed to inquire into Agricultural conditions throughout Canada met at 10 a.m.

The CLERK: This is a Special Committee appointed to inquire into Agricultural conditions throughout Canada. The members are:—

"Messieurs: Bouchard, Caldwell, Clifford, Elliott (Waterloo South), Gardiner, Grimmer, Hammell, Lanctôt, McKay, McMaster, McMurray, Milne, Munro, Robinson, Sales, Sinclair (Queens, P.E.I.), Stansell, Sutherland, Tolmie."

Will one of the members of the Committee be kind enough to nominate a Chairman?

Mr. ROBINSON: I move that Mr. Clifford be the Chairman.

Mr. CLIFFORD: I appreciate the compliment very highly and I wish to thank the mover for nominating me. But this is going to be a very heavy Committee, and I am only a junior member of the House. I would therefore nominate Mr. McMaster.

Mr. GARDNER: I second that.

Hon. MEMBERS: Agreed.

The CLERK: Mr. McMaster is the unanimous choice of the Committee.

Mr. McMaster having taken the Chair.

The CHAIRMAN: Gentlemen, I beg to thank you for the honour you have done me, and especially Mr. Clifford for nominating me. I have been giving some thought to what the Committee may do, and I have taken the liberty to prepare a memorandum which I submitted to the Minister of Agriculture, indicating some of the subjects which I think we might well consider.

MEMORANDUM

OTTAWA, ONTARIO, March 2, 1923.

SUBJECTS suggested for investigation by special committee appointed to enquire into agricultural conditions throughout Canada.

1. The present condition of agriculture:
   (*a*) in the Maritime Provinces;
   (*b*) in Ontario and Quebec;
   (*c*) in the Prairie Provinces;
   (*d*) in British Columbia.

2. The causes of such conditions:
   Where these conditions are unfavourable, an examination into remedies, with special reference to the best methods of livestock marketing; the lowering of the production costs of meats; the development of the

bacon industry; of the beef industry. A special investigation into the fruit industry as regards apples, tender fruits, small fruits and bush fruits, involving the problems of production, marketing and transportation. An investigation into the dairy industry along the lines of direction or encouragement of breeding, suitable crop production and marketing. Consideration of special lines of farming or particular crops as likely to increase farm returns and afford diversification in production, with regard to sugar beets, tobacco, flax, hemp, potatoes, special Northern-grown seeds of cereals, grasses, clovers, vegetables and roots, fur farming, maple sugar industry, bee-keeping.

3. The cause of the difference between the prices of agricultural products paid to the producer and the ultimate cost of the same to the consumer.

4. The relation of prices of commodities purchased by agricultural producers and the prices obtained by such producers for their own products.

5. The banking and financial resources and credits of the country as affecting agricultural producers, with an examination into the various systems of rural credits in this and other countries.

6. The marketing and transportation facilities of the country in respect to agricultural produce, with a special investigation into the merits and demerits of co-operative buying and selling, and including an examination into alleged abuses connected with the mixing of grains in elevators.

My idea, gentlemen, was this: Of course, the suggestions I make are purely tentative. It is a matter for the Committee to decide; but what I thought we might do was first, to decide whether there was anything else that we should investigate. It seems to me that this memorandum pretty nearly covers everything, but we might decide what subject we should take up first; and next, what witnesses we should summon to Ottawa. We have a vast amount of information in the different departments, especially in the Department of Agriculture, which, it seems to me, it would be wise to place before the Committee at the earliest possible date.

Hon. Mr. MOTHERWELL: May I make a suggestion at this stage. The Committee is, of course, the one referred to in the Speech from the Throne in which it was proposed to inquire into various phases of agriculture, including the mixing of grain in our terminal elevators, and the conditions of the live stock industry. After that proposal appeared in the Speech from the Throne, Mr. Millar introduced a resolution with respect to the advisability of appointing a Royal Commission to inquire into the grain trade. You remember the discussion which took place in the House, and the general understanding was, as the result of that discussion, that in the event of this Committee not being able to deal with that question as thoroughly as might seem to be desirable, a Commission would likely be appointed, especially if it was recommended by this Committee. That is how the matter stands. Now the question is, will the Committee deal with any phase of that subject at all? Is it wise to take two bites of a cherry? Would it be better to leave it to the prospective Royal Commission, or would it be desirable to take up the one question of mixing grain in the terminal elevators, deal with that, and get some action taken by the Government this session, leaving the larger question to a Royal Commission? You could ask the Board of Grain Commissioners, the chief inspectors, and some of the representatives of the terminal elevators to come here and give us information which would enable the Government to pass legislation on that one

phase of the grain trade, and then we could recommend that all other questions be relegated to a Royal Commission. I do not think that any reference is made to this in the memorandum.

The CHAIRMAN: I added that.

Mr. SALES: It seems to me that the whole thing revolves around the question whether the powers of this Committee are greater than those of the Commission. I have in mind the fact that the last Grain Commission was interfered with by an injunction, and if we appointed another commission, and it was held up, the purpose of this inquiry would be thwarted. Can you tell me Mr. Chairman, whether an injunction could be taken out against this Committee?

The CHAIRMAN: No. This is a Parliamentary Committee and is the highest Commission in the land.

Mr. SALES: Then this Committee should deal with it and not a Commission. You cannot get anywhere with a Commission.

Mr. GARDINER: There is just another phase of the question. This grain inquiry presents a very big problem, and I would suggest that if we deal with the grain situation alone, it will take up all the time of this Committee, and there are very many other problems with regard to agriculture, pertaining to Eastern Canada as well as to Western Canada, that should be dealt with by this Committee. In view of the statement made by Mr. Sales, I would suggest that some inquiry should be made into the possibility of the Commission being held up by an injunction, before we take any steps with regard to inquiring into the grain trade. If we can get that point settled, as to whether a Commission could be held up on account of being ultra vires, or otherwise, we would have a free hand as to our course of action in the future. But I am satisfied that the grain problem is too big a problem to handle thoroughly during this session of Parliament when there are other matters of importance to agriculture requiring investigation.

Mr. SALES: It is certainly a large order.

The CHAIRMAN: We might as well thresh that point out. If there are any other members of the Committee who desire to address the Committee on that point, we would be glad to hear them.

Hon. Mr. TOLMIE: There is just one point; unfortunately I was a few minutes late, and I did not hear what the minister said. Mr. Sutherland also arrived late, and I would be obliged if the minister would give us a brief outline of what he said.

Hon. Mr. MOTHERWELL: I referred to Mr. Millar's Resolution before the House, and the statement made by Mr. Stewart and myself, with respect to the inquiry into the grain trade by this Committee. It was felt by Mr. Millar and others that it would be impossible to go into that question thoroughly here. Then the alternative was suggested that we might be able to go into one phase of it, that is, with respect to the mixing at terminal elevators. That is not a very large phase and could be dealt with if we found it advisable. But assuming that we did go into that and you found that a thorough inquiry could not be carried out if you dealt with one phase, or even if you dealt with no phase at all, a recommendation on the part of this Committee could be made in the direction indicated; that is, that it is impossible to go into this large question by this Committee even to a limited extent, but you could recommend that it be gone into by a Royal Commission. Now, we have no particular wish in regard to this matter. I think Mr. Robb would like to have some slight amendment to the Grain Act, and if we are going to deal with this mixing question,

we might as well deal with it altogether. We could summon the Grain Commissioners here if we wanted to, and the Chief Grain Inspector, and two or three mixing elevator managers and whoever else it is decided should be heard. It should not take more than two or three days at the most in connection with that question. But there is an argument against it, that is to say, you are taking two bites at a cherry; you are fussing up the trade, you are making them feel that here is one more inquiry, and that there will doubtless be another one next session, that there is always a number of bodies trying to dig into them. On the other hand, there is a quite general demand for some kind of inquiry, and the question is, what is the wisest course to take having regard to all the activities outlined in this forecast here. It is a question of first things first, and I do not feel like pressing anything in regard to that. What do you think yourself, Dr. Tolmie?

Mr. CALDWELL: There is another phase of it, Mr. Chairman. It is just possible that in the limited time this Committee will have at its disposal we would have to give it a superficial consideration and would not get to the bottom of the grain trade as it should be done, and would thereby spoil the chance of having a Commission to investigate it. I agree with Mr. Gardiner; I feel that there are other very grave questions to be considered in Canada and that it would not be possible for this Committee to do justice to all of this.

Hon. Mr. MOTHERWELL: Before we go any further on that, a new question has arisen. It is not mentiond here, directly, and that is, the question of space for our export cattle. We had Mr. Kennedy down here from Winnipeg representing the United Grain Growers; and he is chasing around the country looking for space right now, which I think he has secured after great difficulty. This question is one that is pressing on us just now, we have had representations made to us by the exporters that they cannot get space; it is in the hands of a few brokers and they control the situation.

The CHAIRMAN: I think, Mr. Minister, that that is covered in this memorandum, "the marketing and transportation facilities of the country in respect to agricultural produce."

Hon. Mr. TOLMIE: As far as taking up the grain trade in connection with this Committee is concerned, this is such a large question that we could never begin to handle the whole thing. I would rather give attention to what is here in the memorandum and have some commission enquire into the grain trade; then we will have both things done well.

Mr. SALES: The last Commission that was appointed to investigate this matter was held up by an injunction. No injunction can upset this Committee.

Mr. CALDWELL: Mr. Gardiner's suggestion is a good one, that some means be taken to find out what the possibilities are of a Grain Commission being held up.

Hon. Mr. MOTHERWELL: Anybody can raise or threaten an injunction, but nobody will anticipate it. It is not until after you take action that injunction proceedings are instituted.

The CHAIRMAN: Suppose I confer with the Deputy Minister of Justice on that point, he might make this answer, 'I do not think an injunction would carry against a Royal Commission which might be appointed to investigate the grain trade, but I am not prepared to say what attitude would be adopted by the grain men of Manitoba, Saskatchewan and Alberta, in which provinces this investigation may be conducted; therefore I cannot advise you.' I am afraid that is the answer I might get from the Deputy Minister of Justice, if I applied to him.

Mr. CALDWELL: That is, if such an investigation threatened to encroach on provincial rights, that province has the right to take action.

The CHAIRMAN: Exactly, and they might hold that the enquiry was outside our jurisdiction.

Mr. MILNE: Would it be possible to work through the provinces to carry out the investigation?

Hon. Mr. MOTHERWELL: Here is what I would like. Mr. Sales' point is, I think, well taken. You have more authority in this Committee to investigate this question and less likelihood to be stopped. On the other hand, there is but one chance in five hundred that you would be be able to go into it thoroughly here, it is too big. Whatever you decide as a Committee will be satisfactory to the Government; be perfectly free to take whatever course you think is necessary to get the best results, and the Government will concur.

Mr. CALDWELL: It is my wish that nothing will be put in the way of investigating the grain trade; it is a national question, not local. A great many of our problems in the west are more or less local problems, although their solution is just as important to other parts of the country.

An Hon. MEMBER: I do not agree with Mr. Caldwell that our problems in the west are local problems.

Mr. CALDWELL: A great many of them are, just as there are local problems in the east. For instance, the potato trade is local in Nova Scotia and New Brunswick—in the Maritime Provinces.

The CHAIRMAN: Well, gentlemen, I am anxious that we should get started; I think we might just turn over in our minds whether it is wise for this Committee to try to investigate the grain trade or any features of the grain trade. Meanwhile, there is on this agenda a number of things which we might get started on. Do I express the mind of the Committee in that observation?

Mr. GARDINER: Just before that I would like to observe that there must be some power in Canada somewhere, either by virtue of Dominion or Provincial legislation whereby an important trade such as the grain trade can be investigated. I would just like to bring before the Committee the fact that in the legislature of Alberta they have passed a resolution along similar lines to the resolution passed by this House, Mr. Millar's resolution. Would it not be possible, by getting the necessary powers from the provinces and from the Dominion Government, that an investigation could be put under way which would not likely be stopped by an injunction?

The CHAIRMAN: I would think that by concurrent legislation a certain number of people could be appointed by the provinces and by the Dominion with all the powers which the State can give to an investigating committee, and I would imagine it would be a very difficult thing to stop any such commission as that investigating fully any Canadian matter.

Mr. SALES: I suggest, Mr. Chairman, that you get an opinion on that and present it at our next meeting. I would not want to see such a commission held up again. I do not want to see a commission appointed like the last one, and the whole thing be defeated. They have no charter and are responsible to no one.

Mr. CALDWELL: You mean that the Grain Exchange has no charter?

Mr. SALES: No.

Mr. CALDWELL: Then under what authority do they operate?

The CHAIRMAN: I have made a note here to confer with the Deputy Minister of Justice re the appointment of a Royal Commission to examine the grain trade by concurrent legislation of Dominion and Provinces in order to avoid the possibility of a challenge on constitutional grounds.

Mr. SALES: Exactly; that is good.

Mr. CHAIRMAN: Now, if that is satisfactory, gentlemen, may I have your attention to the next question.

Mr. MCKAY: Is it the intention to get legislation for all the provinces of the Dominion, or only the three western provinces?

The CHAIRMAN: I presume that, just as we did with the Wheat Board, it would possibly be confined to the three western provinces.

Mr. SALES: You would almost have to take in Ontario because it is at the head of the lakes.

Mr. CALDWELL: And possibly the Maritime Provinces, as the winter ports are there.

The CHAIRMAN: I will ask the question generally, and will get a general idea. If it applied to one province it applies to all, because all the provinces have the same rights. The next question, gentlemen, is, does this memorandum present to your minds an adequate idea of the questions for inquiry.

Mr. SALES: We will take it up clause by clause.

The CHAIRMAN: (reads).

"SUBJECTS suggested for investigation by special committee appointed to inquire into agriculture conditions throughout Canada.

1. *The present condition of agriculture:*

(*a*) in the Maritime Provinces;
(*b*) in Ontario and Quebec;
(*c*) in the Prairie Provinces;
(*d*) in British Columbia."

It seems to me that those four might present different features.

2. The causes of such conditions.

That is a very hard subject indeed.

"Where these conditions are unfavourable, an examination into remedies, with special reference to the best methods of live stock marketing; the lowering of the production costs of meats; the development of the bacon industry; of the beef industry. A special investigation into the fruit industry as regards apples, tender fruits, small fruits and bush fruits, involving the problems of production, marketing and transportation. An investigation into the dairy industry along the lines of direction or encouragement of breeding, suitable crop production and marketing. Consideration of special lines of farming or particular crops as likely to increase farm returns and afford diversification in production, with regard to sugar beets, tobacco, flax, hemp, potatoes, special Northern-grown seeds of cereals, grasses, clovers, vegetables and roots, fur farming, maple sugar industry, bee-keeping."

Mr. SALES: With regard to clause 2, "the lowering of the production costs of meats"—

Mr. CALDWELL: Why not the lowering of production costs generally?

Mr. SALES: Or, lowering the cost of agricultural products?

Mr. CALDWELL: Lowering the cost of production of agricultural products.

The CHAIRMAN: I do not think you need to do that, gentlemen. You will note that clause 2 begins "Where these conditions are unfavourable, an examination into remedies". It seems to me that that is the broad thing. What follows—

"with special reference to the best methods of live stock marketing," etc.—these are merely special branches.

Mr. CALDWELL: Why not cut out the word "meats," and just leave the phrase reading "lowering the costs of production"?

The CHAIRMAN: I am quite willing.

Hon. Mr. TOLMIE: The pure bred live stock industry is a very important business and one which we might investigate.

The CHAIRMAN: We might put in the pure bred live stock industry.

Mr. CALDWELL: And the health of animals.

Hon. Mr. SINCLAIR: Why do you need to mention pure bred stock.

Hon. Mr. TOLMIE: Practically everything is outlined in the memorandum, but this is not mentioned.

The CHAIRMAN: I do not think there is any harm, gentlemen, in having a sort of special agenda; whether we will be able to cover it all is another question. We would probably be able to cover the point by inserting after "live stock marketing" the words, "the pure-bred live stock industry, and health of animals."

Hon. Mr. TOLMIE: Yes, that would cover it.

Hon. Mr. MOTHERWELL: That would incidentally raise the question of co-operative marketing.

The CHAIRMAN: I have a special clause for that. The next Clauses are 4 and 5:

> "4. The relation of prices of commodities purchased by agricultural producers and the prices obtained by such producers for their own products."
>
> "5. The banking and financial resources and credits of the country as affecting agricultural producers, with an examination into the various systems of rural credits in this and other countries."

I have indicated here a great deal more than we shall probably be able to cover, but it is well to have a comprehensive programme before us.

Hon. Mr. SINCLAIR: Is it necessary for us to put that fifth clause in our agenda? The question was discussed in the House, and I thought it was to be referred to the Committee on Banking and Commerce.

The CHAIRMAN: As I understand it, the whole question of the credit system of the country was referred to the Committee on Banking and Commerce. My idea was that we could possibly not discuss agricultural conditions adequately without dealing with that subject, especially as it affects rural life and rural operations.

Mr. CALDWELL: I think you are absolutely right, Mr. Chairman, due to the fact that under the present Banking Act, or any other banking act which might be passed, it is impossible to accommodate rural credit through rural banks, due to the fact that they must have their assets in a liquid condition.

Hon. Mr. TOLMIE: No investigation of agricultural conditions would be complete without it.

Mr. HAMMELL: In Ontario we have a series of rural credits which cover it very creditably.

Mr. CALDWELL: I think it would be wise to have a report on how this works out.

The CHAIRMAN: I think someone is getting reports on Ontario and Manitoba, already.

Mr. GARDINER: They are absolutely without the necessary means to give the accommodation that is required. The report distinctly states that the number of applications is far and away above their means to meet.

The CHAIRMAN: It is a live subject, which we had better investigate. The next clause is No. 6:

> "The marketing and transportation facilities of the country in respect to agricultural produce, with a special investigation into the merits and demerits of co-operative buying and selling, and including an examination into alleged abuses connected with the mixing of grains in elevators."

We will leave the last part of Clause 6 over for further consideration, and we might turn it over in our minds. With the exception of that last part of Clause 6, are you satisfied with it?

Mr. SALES: I would say that down to "the merits and demerits of co-operative buying and selling," it would be satisfactory.

The CHAIRMAN: The next question is, what subject will we take up first, and what procedure will we follow? May I make this suggestion, that we should take one subject, say agricultural conditions in the Maritime Provinces. If that is the best way to handle it, we might proceed by provinces, or by various features of the agricultural industry, I do not know which is the better way. Once we have decided that, we must decide whether we should discuss the matter first and then summon witnesses, or summon witnesses, and then discuss the matter.

Mr. ELLIOTT: How would it do to take the subjects that are most pressing, say, for instance, the live stock shipping conditions. We are coming to the time of year when that is important.

Mr. SALES: We can discuss these things later, but in the meantime we should determine what we want in the next week or so, what witnesses we desire to call, because it will take some time to do it.

The CHAIRMAN: Is that not the idea of Mr. Elliott?

Mr. GARDINER: You raised the question just now, Mr. Chairman, of whether it was advisable to take the matters by provinces or by subjects. I am firmly convinced that we should proceed to deal with the matter by subjects.

The CHAIRMAN: That is your view also, is it not, Mr. Tolmie?

Hon. Mr. TOLMIE: Yes.

Mr. CALDWELL: Is it not a fact that this resolves itself into a matter of provinces anyway, except the live stock industry?

The CHAIRMAN: It does strike me that the different features of agriculture are the main divisions, and the different provinces are the subdivisions; that is the way it strikes me, and Mr. Gardiner as well. What do the rest of you gentlemen think about that? It seems to me that we should decide that now. Shall we take it by provinces, or areas, or should we discuss a subject, for instance, as has been suggested, the subject of the export marketing of live stock?

Mr. MILNE: In that would come the question of transportation.

Mr. ROBINSON: There are some subjects that apply to the whole of the Dominion, and some are local, and it would seem to me that we should begin with the general ones first, the ones applying to all provinces.

The CHAIRMAN: Say we start off by investigating the live stock industry, with special reference to transportation cost. That is a pressing subject.

Mr. CALDWELL: I think the only way is to take it up by subjects. I think it will resolve itself into a matter of geography in the end.

The CHAIRMAN: Is that the general view of the Committee, that we should take up our investigation by subjects instead of by geographical areas? What is the first subject we should take up, shall we take up the live stock industry? I do not think we should make it too narrow.

Mr. CALDWELL: I see no objection to that.

Mr. HAMMELL: I move that the first matter to be investigated be the live stock industry of Canada.

The CHAIRMAN: Mr. Hammell has made a formal motion. Mr. Hammell moves, seconded by Mr. Elliott, that the first matter of investigation be the live stock industry of Canada.

Mr. HAMMELL: Including the transportation cost.

The CHAIRMAN: Yes, of course. When we make use of the word "industry" we will understand in this Committee that it means the production, marketing, transportation—in fact, the development from the calf to the consumer.

Mr. CALDWELL: Not including dairying; that would be under a separate head?

The CHAIRMAN: Yes, I think so, the live stock industry other than dairying. May I suggest that to Mr. Hammell, so there will be no question about it.

Mr. SALES: Divide it into phases, mention the different phases of it, so that while we are talking about one thing we will not be thinking about another.

Mr. GARDINER: I would suggest that first of all we take the sense of the committee with regard to this motion, and then we could proceed later on to divide it into various parts.

The CHAIRMAN: Are all agreed to the motion?

Motion agreed to.

The CHAIRMAN: How will we take up this live stock question?

Mr. HAMMELL: I would suggest that we start first with production, and then the final marketing.

Mr. CALDWELL: In view of the pressing need for space, why not deal with the matter most urgent?

The CHAIRMAN: In view of the need of dealing with the question of space, it seems to me that we might begin at the end and work towards the beginning.

Mr. MILNE: Why not make some subdivisions, and take what you want first?

The CHAIRMAN: Is it the sense of the committee that we should proceed with the question of the transportation of live stock first, having special reference to ocean space?

Agreed.

Hon. Mr. TOLMIE: That is just to start with, on account of the immediate need of information.

The CHAIRMAN: Had we not better line up what we are going to do on that subject, before we proceed further?

Mr. CALDWELL: I think, Mr. Chairman, that we will need at a very early stage of the proceedings, to outline nearly our whole programme. For instance, if we are going to bring witnesses from the Maritime provinces or anywhere, we want to know some time ahead.

The CHAIRMAN: I am anxious to get it started, and while I am in the hands of the Committee, it seems to me that we might outline what we will do on this subject, which will probably take several days.

Mr. ROBINSON: When the question of transportation of live stock comes up, if we have experts here giving evidence, we might require their services on more questions than the one, and we would not want to call the same person here every time we came to the different subjects.

The CHAIRMAN: We have, I understand, in the Department of Agriculture, experts on these matters; these men will have a good deal of information to give us on transportation. We must not get our investigation too broad; for instance, we had an investigation last year of transportation costs, and we would not want to do the work that was done by that committee last year all over again.

Mr. CALDWELL: That information will be available?

The CHAIRMAN: Will we, then, at our next meeting, take up the transportation aspect of the live stock industry? Would you think well of that?

Mr. SUTHERLAND: It appears to me that that is the most urgent.

The CHAIRMAN: I think you have some officers in your department, Mr. Motherwell, with whom we might start, and summon others as well. My idea is to use the information which we have at hand first.

Hon. Mr. MOTHERWELL: There are two or three men there, Mr. Arkell and Dr. Grisdale, and there have been others. There was a man representing the United Grain Growers; these men have been here complaining of the difficulty of securing space, and then there are the shipping companies; we will want to have them represented as well. I will get you the names of a number of witnesses, but those are two that I would suggest.

The CHAIRMAN: What were their names again?

Hon. Mr. MOTHERWELL: Mr. Arkell and Dr. Grisdale.

The CHAIRMAN: Anybody else?

Hon. Mr. MOTHERWELL: We may have someone in the cattle division.

Mr. CALDWELL: I would think that Mr. Arkell and Dr. Grisdale might know someone whom they would suggest.

The CHAIRMAN: Will I give instructions to the Clerk of the Committee to request Dr. Grisdale and Mr. Arkell—who else is there? Mr.—

Hon. Mr. TOLMIE: Mr. Light was the man who went over there when I was the minister.

The CHAIRMAN: Mr. Light, and any others—whom Dr. Grisdale may think advisable.

The Hon. Mr. MOTHERWELL: Do you want to get these brokers—Mr. Campbell and Mr. Kennedy?

The CHAIRMAN: Duncan Campbell. He is a big man who came from Western Ontario.

Mr. ELLIOTT: In connection with this question, would it not be well to get hold of some men that have been in the exporting business for years and have them come down. I have in mind a firm which has been in operation for forty years up near Galt, and have had a great experience in the export of cattle. I would suggest that one of these men be called.

The CHAIRMAN: What is the name, please?

Mr. ELLIOTT: John Brown.

Mr. MCMASTER: His post office address?

Mr. ELLIOTT: He is on the Preston Road, Galt, Ontario.

Mr. CALDWELL: Would it be possible to have men in here from the Department, when these men are here so that we may be able to collate their opinions.

The CHAIRMAN: The only disadvantage is that you would hate to keep men kicking their heels before they are heard.

Mr. CALDWELL: We had better call them in later on.

Hon. Mr. TOLMIE: You had better have one man out of the Department here.

Mr. SUTHERLAND: One of the chief difficulties in the past was that those who engaged in the business on a small scale found it almost impossible to find space. Those who are in the business continually, will have no difficulty in getting it. They contract for it and sublet it, at a high rate. I think that is the chief difficulty.

The CHAIRMAN: When will we have the next meeting?

Mr. HAMMELL: How soon—

The CHAIRMAN: We could get the officers right away, and I think we could call them first, because they will have many good points to give us. There will not be any difficulty in getting enough of the officers here.

Mr. MILNE: I think we should proceed as fast as we possibly can.

The CHAIRMAN: Might we have a meeting to-morrow?

The CLERK: The Committee on Banking and Commerce meets to-morrow.

Mr. HAMMELL: So that it will not interfere with the other Committee meetings—

The CHAIRMAN: I would propose to call a meeting to-morrow, say at 3.15. to-morrow. I will get leave to-day to sit while the House is in session. I do not think we can get on, with so many Committees meeting, unless we sit while the House is in session.

Mr. MCKAY: I think we had better have arrangements made for a larger Committee room.

The CHAIRMAN: The Sergeant-at-Arms has given us a large room downstairs, and I asked him to arrange the tables in the shape of a horseshoe. I will have a small table in the centre of the horseshoe at which the witness will sit, with the stenographer who is taking the evidence, and a large table for the representatives of the "Fourth-estate," and chairs for other members and the public. We will try to meet at 3.30 to-morrow.

Mr. GARDINER: Would it be possible for this Committee to get any information with regard to the negotiations that are going on now between this country and Great Britain as to the ultimate shipment of cattle?

The Hon. Mr. MOTHERWELL: Oh, yes.

Mr. GARDINER: The reason I make that suggestion is this: You take the cattle from Western Canada, the great bulk of that is congregated at Winnipeg. I think in order to get transportation at a reasonable rate, and take up the space, there should be some selection at Winnipeg. That would be a good point to make the selection for cattle to be shipped overseas, and it would be advisable if we had that information from the Department in regard to the negotiations that are going on between Great Britain and Canada.

The Hon. Mr. MOTHERWELL: Doctor Grisdale and Mr. Arkell will give you that.

The CHAIRMAN: I want to ask leave to sit while the House is in session, and also to have our proceedings printed. Our room number is 268.

The CLERK: That is a room on the main floor. It is customary for the Press to notify the people interested that investigations are going on, but if we insist that anybody come, we must pay them.

Mr. McMASTER: It is just the same as if you summon a witness, you must tender him travelling expenses.

Mr. CALDWELL: If they come voluntarily they do not get anything.

Mr. McMASTER: Now, after the "Live stock Industry" what would you think—

Mr. CALDWELL: Mr. Chairman, should we first decide the different phases of the live stock industry, because transportation would naturally be our first.

The CHAIRMAN: I think you are right, sir. We are going to discuss transportation first. What should we do after that?

Mr. SALES: Live stock marketing—

The CHAIRMAN: Dr. Tolmie desires to make an observation.

The Hon. Mr. TOLMIE: I was going to observe that after you get through with this emergency consideration of transportation, the next best thing will be to consider live stock conditions as we find them to-day in Canada, and their disabilities, and take them up one at a time.

The CHAIRMAN: Moved by Dr. Tolmie, seconded by Mr. Sales, that after we have dealt with the question of transportation of live stock we shall study the industry as a whole.

The Hon. Mr. TOLMIE: As it stands to-day.

The CHAIRMAN: As it exists to-day in Canada, with the disabilities under which it labours.

Mr. CALDWELL: Does this include the marketing of it?

The CHAIRMAN: I think that had better be taken up as a separate head, as I understand what we want to do is to get a recommendation about the transportation with the shortest possible delay.

Mr. CALDWELL: That is why I asked the question. I think we should separate those two.

The CHAIRMAN: I think we should, too. After the live stock industry, should we decide now gentlemen what the next step should be? We might take up dairying next, but it seems to me that perhaps we would be in a better position to judge what is the next best thing to investigate after we have gone somewhat into this question.

Mr. CALDWELL: I think that is best. Let us get things started.

The CHAIRMAN: Mr. Sales.

Mr. SALES: I was wondering whether it would be possible to have the Clerk of the Committee notify the agricultural organizations in the various provinces, giving them the outline of this generally, because their executives will have to meet and consider what they will do, and who shall represent them; make them aware of what we are taking up.

The CHAIRMAN: I think the idea is a good one, but may I suggest a modification of that; that the Secretary be instructed to write the Minister of Agriculture of each Province who will be in touch with the agricultural organizations, and pass on the word, and of course the Press will be passing on the word at the same time too. It seems to me it is very likely if we try to communicate with all agricultural organizations direct, we will forget some, and they will feel hurt, and it would be better to write to the official head of the agricultural department of the different provinces, sending them a copy of the agenda, and asking them to communicate with all interested parties.

Mr. CALDWELL: May I suggest also that an outline of the different phases to be investigated be given to the Press generally.

APPENDIX No. 3

The CHAIRMAN: It seems to me we have made very good progress for our first meeting, and I hope 3.30 to-morrow will suit everybody, and that we will all be there.

The Committee adjourned until March 8, 1923, at 3.30 p.m.

HOUSE OF COMMONS,
COMMITTEE ROOM 268,
THURSDAY, March 8, 1923.

The Special Committee appointed to inquire into Agricultural conditions throughout Canada met at 3.30 p.m., Mr. A. R. McMaster in the chair.

The CHAIRMAN: Mr. Sales has a resolution which he has given me. Do you wish to propose this resolution, Mr. Sales? Do you wish to address the Committee?

Mr. SALES: Not unless they desire some information.

The CHAIRMAN: Is the Committee ready for the question? The clerk has just pointed out to me that there are some orders from the House, granting us leave to report from time to time, with power to send for persons, papers, and records, and also to report from day to day our proceedings. These were granted.

Mr. HAMMELL: Mr. Chairman, I have been approached by several members who wish to know whether the members of Parliament will be supplied with printed copies of the proceedings.

The CHAIRMAN: We are getting enough printed for everybody.

Mr. CALDWELL: I hope they are being printed from day to day, because possibly some members will not be able to attend every session, and they will need to know what goes on.

The CHAIRMAN: We are having enough printed to distribute to everyone.

Is the Committee ready for the question on this resolution of Mr. Sales'? Mr. Sales' idea is that we should ask for certain information from the Grain Commissioners of Canada. Are all those present in favour of the resolution?

Resolution agreed to.

The CHAIRMAN: Now, I think the next item is to start our examination into the live stock industry, with particular reference to transportation.

My attention has been called to another matter. I wrote a letter to the Deputy Minister of Justice, containing the question which I was asked to submit to him by the Committee at its last meeting. I have written him and as yet I have not received a reply. I will report progress and hope, at the next sitting of the Committee, to be able to give further particulars. Now I think we will call on Dr. Grisdale. Would you prefer to be heard first, or shall we call Mr. Arkell?

Dr. GRISDALE: What do you wish to take up?

The CHAIRMAN: We wish to take up the live stock industry, with special reference to transportation, in regard to the alleged lack of space, or monopoly of space, on ocean-going ships, the lack of space for export.

Dr. GRISDALE: I am afraid, Mr. Chairman, that we are not in a position to discuss that to-day; we are not experts in that line, and we have not been in a position to get full information together in that connection.

I asked Mr. Campbell, D. A. Campbell, of Montreal to be with us to-day, but he was unable to come, and in any case he said he felt that if he had a little time for preparation he would be in a better position to enlighten the Committee on the exact transportation situation, especially regarding the trans-Atlantic situation, and he has promised to have all the information that can be got together early next week, any time next week you wish. I had a talk with Mr. Coates—

The CHAIRMAN: The Dominion Statistician?

Dr. GRISDALE: No.

The CHAIRMAN: He is of the Reford Line?

Dr. GRISDALE: Yes, of Montreal. He and Mr. Campbell are collaborating to get as much information together as possible.

When Hon. Mr. Motherwell spoke to me yesterday about appearing before this Committee, he advised me that Mr. Arkell, or whoever of our staff we would like to bring, would be asked with regard to the cattle situation in Canada, and as to the arrangements, as far as they have been made, for transportation in connection with transportation, not the actual transportation, but the arrangement in connection with shipping facilities at this end and the other end, and marketing facilities at each end, and we have come prepared to discuss that.

The CHAIRMAN: We would be glad to hear you on that. Shall we call you first, or Mr. Arkell?

Dr. GRISDALE: Probably I had better come first.

Dr. J. H. Grisdale, Deputy Minister of Agriculture, called and examined.

Dr. GRISDALE: I hardly know, gentlemen, how much and what kind of information you would like. I have all the data and information here in connection with the removal of the embargo, with the facilities for the receiving of cattle in Great Britain and the requirements in connection with the shipping of cattle over there, also the preparations that have been made here and the conditions under which cattle can be shipped from here. I think possibly that might be of interest to you; in fact, that is about all I can give in connection with the removal of the embargo.

The CHAIRMAN: I think it would be of great interest to the Committee if we ask Dr. Grisdale to proceed along those lines.

Mr. MCKAY: The removal of the embargo?

The CHAIRMAN: Yes.

Mr. MCKAY: That is a very important question.

The CHAIRMAN: Begin where you think best, Dr. Grisdale.

Dr. GRISDALE: The embargo was removed by the Importation of Animals Act, 1922, passed in December last, setting out the conditions under which cattle are admitted into Great Britain. Is it necessary to enumerate these or—

Mr. HAMMELL: It might be just as well, so that we will have it on the record.

Dr. GRISDALE: (reads) "The Minister must be satisfied that the cattle were for a period of three clear days immediately before shipment kept separate from other animals".

By Mr. Sales:

Q. Just what does that mean?—A. It means that, supposing a shipment of cattle were being sent from Winnipeg to, we will say, Liverpool, that they must be picked out at Winnipeg, segregated there, inspected there, and then shipped

in separate cars—not necessarily in separate trains but in separate cars—we will say, to Montreal, or at present, to St. John.

Q. Each animal taken by itself?—A. Oh, no.

By Mr. Caldwell:

Q. You mean that animals that have been inspected must be kept separate from animals that have not been inspected?—A. Yes. They have to be kept separate for three days previous to loading on ship-board. Those three days may be passed in transit; that is to say, from the time they are put on the train at say, Winnipeg, it will take fully three days or a little more for them to get to St. John, which means that by the time they reach St. John they are ready, so far as quarantine is concerned, to be loaded on ship-board. There are feeding stations at different points on both the C. P. R. and C. N. R., and we are making arrangements to have the feeding yards separate for these cattle. Supposing we received word that a number of cattle were gathered together at Brandon, where there are no stock yards, or at any similar point you like to name; we would send a man there and he would inspect them and they would go forward from that point. It is not necessary that they be inspected before they go forward, provided that there must be three full days after inspection before loading on ship board. When we were discussing the question of the agreement in London, the bill that was originally prepared set out " three days ", but some member in the House of Commons suggested that it be changed to read "three full days", which was agreed to. This makes a difference of about a day.

By Mr. Sales:

Q. What will the inspection mainly be for?—A. Just to see that the cattle are in good condition, that they are free from any contagious disease and free from mange.

By Mr. McKay:

Q. Supposing the cattle were shipped and were examined and then shipped right out within one day after they were put on the train?—A. They would have to be held two days from the point they were shipped from; they have to be held for a period of three full days somewhere.

By the Chairman:

Q. Three days prior to shipment on board the vessel?—A. Yes.

By Mr. Sales:

Q. That will include an inspection for tuberculosis as well, will it?—A. No sir.

Mr. HAMMELL: That cannot be conducted in that short time.

By Mr. Caldwell:

Q. What diseases are they held for?—A. The diseases mentioned are cattle plague, pleuro-pneumonia, and the foot-and-mouth disease; those are the three diseases. Another clause says mange, so that there are four diseases that are provided against.

By Mr. Hammell:

Q. Is there any expense to the shipper for this inspection?—A. No.

Q. The Department bears all that expense?—A. Yes, at the present time.

By Mr. Caldwell:

Q. This expense does not include selection of cattle suitable for export? —A. No.

Q. Is there any provision made for that?—A. No.

By Mr. Hammell:

Q. The shipper has to take that chance himself?—A. We cannot as the law stands at the present time dictate what class of cattle shall leave Canada. You will have a bill before you on Tuesday where some provision is made for that kind of selection, should you gentlemen pass it.

By Mr. Caldwell:

Q. I understood there was a bill of that kind in process of preparation?—A. It is prepared.

By Mr. Sales:

Q. Will this inspection be carried on by Canadian officials?—A Yes, sir, by our official staff.

Q. And be acceptable on the other side?—A. They have agreed to accept our certificates.

By Mr. McKay:

Q. Will that increase the official staff?—A. It might increase it temporarily, but not the inspection in Canada. You are making me go ahead a bit.

The CHAIRMAN: May I make a suggestion, gentlemen. I suggest that questions do not run ahead of the Doctor's story.

The WITNESS: This one is running ahead.

The CHAIRMAN: That is just my suggestion; let us ask the Doctor questions as we go on, on points that he has touched.

Mr. HAMMELL: Rather be behind his story than ahead of it.

The WITNESS: After they have been inspected and shipped under quarantine for three full days, then they have to be inspected again at the port of embarkation, and they have to be tagged. We anticipated that the tag would be a plain tag bearing the word "Canada". After we got back here, in fact, only last month, a request came asking that they be branded with a large "C" on the left hip. We protested that and they gave way because it had been agreed in the pour parlers that there would be nothing like that. Then they asked that a numbered tag be put on. We had not anticipated that, but, of course, we see no objection to it on condition that they did not ask us to keep track of the cattle.

By Mr. Caldwell:

Q. These are ear tags?—A. These are ear tags. They will be about two inches long and will go in—I do not know whether it is the left or the right ear; it has always been the same ear. These serial numbers are for use over there. We do not have to keep track of the cattle, except in this way, that we have to be ready to certify as to their origin, that they are born and brought up in Canada; no aliens need apply.

By Mr. Caldwell:

Q. In case any question arises in England about any particular cattle—A. Sir?

Q. In case any question arises in England about any particular cattle—that they are not free from diseases, can you trace that back and tell where they came from by these serial numbers?—A. No, we do not want to. We do not need to. If there is any of these diseases that break out in Canada we will know where they are from quickly, without any assistance from the numbering of them.

Q. My point is this, if they claim that certain cattle are diseased, can you go back from the flock they came from and know that disease is in that flock—or what was left of it?—A. We will know in a general way. We would not be able

to say what herd it came from, but we can keep track of a carload or a lot, or a shipment. Supposing John Brown shipped fifty cattle, we will have the numbers of those tags that go into that cattle, and in that way we can keep up pretty well.

Q. I thought you said you were not going to keep track of the cattle?—A. Not of each animal. We will not be able to say that "spotted steer No. 248, came from John Brown's farm".

Q. How would you trace a carload shipment?—A. A carload would come up, we will say, from Toronto or Winnipeg or Calgary, and were any of them diseased, we could trace back to that province anyway.

Q. I do not know whether you get my point or not, or whether I am dense. The cattle going over by ship-load—if you do not keep any track how can you tell where a certain carload came from that went on board the ship, as when they arrive in England?—A. Just by knowing where the general shipment came from. We do not see the necessity of keeping track of the original of every animal.

By Mr. Hammel:

Q. As a matter of fact you might know where serial number 10,000 up to 11,000 came from?—A. Yes, we will know that.

By Mr. Caldwell:

Q. You will know the serial numbers of that carload that they run from so-and-so to so-and-so?—A. Yes, we will know that, but we do not propose to keep track of each animal. The cattle will have to be inspected and certified and passed free from disease at the port of embarkation the day they go on board, and they have to be accompanied on shipboard by a veterinarian inspector, an employee of the Dominion Government, and that is the place where we may have to increase our staff during the period that the shipping is going on. If shipments are very heavy it will mean it may take as many as fifty or sixty veterinarians to perform this work. It might last for a month or two months.

By Mr McKay:

Q. One for each shipment?—A. One for each shipment, but that would mean that you would probably have to add on some veterinarians for a limited period of time. We have had veterinary examinations held periodically. It used to be each year, but recently it has not been as often as that, but we have a list of waiting veterinarians who are known to be qualified because they have passed their examinations, and we can draw on that list, because they have passed the examinations.

By Hon. Mr. Tolmie:

Q. Does the Deputy Minister think it is necessary to protect the health of the cattle in Great Britain?—A. No, sir.

Q. Just an added overhead expense?—A. Quite involuntary on our part.

Q. It seemed to be hard to get them to take another view of that matter.—A. Absolutely, we cannot get away from it.

Q. The British would insist on this veterinarian accompanying them?—A. Yes. We protested against it. I might say at the beginning of the discussion, they insisted upon quarantine, and we said "we will throw up our hands and go home".

By Mr. Sales:

Q. Will the cost of the veterinary accompanying the cattle be imposed on the shipper?—A. The Government will bear it for a time.

By Mr. Caldwell:

Q. Do you not hope to do away with that after shipments have gone ahead for a time?—A. Yes. It is an absolutely unnecessary precaution.

By Mr. Sinclair:

Q. Does he have to give a certificate?—A. He has to give a certificate that he has visited the cattle each day on shipboard.

By the Hon. Mr. Tolmie:

Q. He has to be assured that Canada and Great Britain are on equal terms as far as the condition of the cattle is concerned?—A. Yes.

Q. On the other hand, Canada is the cleanest country in the world, while they have the foot and mouth disease very frequently in Great Britain, we do not have it here at all, and have not had it since 1884.—A. We had a telegram yesterday of another outbreak in England.

By Mr. Sales:

Q. Does this apply to the other overseas Dominions?—A. Not up to this point.

Q. They are not insisting on three day's quarantine?—A. No, I do not think so.

By Mr. Caldwell:

Q. They have the same inspection before they embark?—A. I do not think so.

By Mr. Sales:

Q. Why not the same treatment of all the Dominions?

The CHAIRMAN: I do not think we should enter into that.

The WITNESS: There is no use of asking me questions like that.

Mr. HAMMELL: It is a very important question, it seems to me.

By Mr. McKay:

Q. What about the United States?—A. They cannot go at all.

The CHAIRMAN: I made that remark in order to save time, not in a spirit of criticism. We want to narrow the discussion as much as we can.

By Mr. Sutherland:

Q. I understand from the statements that were published that the same rule applies to Ireland as to Canada?—A. After they land in England, but previous to that they are different. The cattle must go in ships that will not stop at any port between Canada and Great Britain. They must be ships that have not been used for other cattle within twenty-eight days, or must have been thoroughly disinfected. They must land at certain ports and at that port they are received by British veterinarians, veterinary inspectors who inspect them and give them certificates, and this is the first place where there is a fee imposed, and that is payable by the shipper. Oh, there is another thing; there will be a fee for the tags. That will have to be paid for by the shipper. We do not see any reason why the Dominion Government should pay that.

By Mr. Hammell:

Q. It will be very small?—A. Yes, it will be very small, probably five cents apiece.

By Mr. McKay:

Q. Do the English vets act in conjunction with ours?—A. They receive our reports, and our men will be there. That is one of the conditions under which the men go over, that they will be there to watch the inspection. They will follow the cattle right through.

By the Chairman:

Q. To inspect the inspectors?—A. I believe so.

By Mr. Sales:

Q. What ports does that include?—A. May I continue, and answer that a little later?

Q. Oh yes, certainly?—A. Now, here are the conditions under which they are handled after they leave Great Britain, and if you want them in the minutes, I could furnish a copy to your reporter, but I can give you the particular points in a moment. It will not take long to give you those points. They have to remain at the point of disembarkation until they are inspected and passed, and a certificate issued by the British inspector. They are then allowed to take one move to some other named point or yard.

Regulations filed as EXHIBIT No. 1. (Printed as appendix).

By Mr. Caldwell:

Q. Inland?—A. Inland, and there they must remain six days without being moved again, unless there is another certificate issued, that point inland may not be a shipping point at all, nor a yard. It might be a man's farm, so that a farmer can come to the port and buy the cattle, and from there take them to his own farm under this certificate, but he is not allowed to let them move, or to resell them inside of six days.

By Mr. Caldwell:

Q. Any limit to the distance they can be moved inland at this first step?—A. I do not think it.

Q. That will allow any farmer to take them home?—A. Yes, but he must get a permit.

Q. But he must not re-sell them within six days?—A. He must not move them; he might sell them, but he must not move them. He might get a permit to move them.

Now, there is the part where the Irish cattle and the Canadian cattle receive the same treatment. With Irish cattle coming into Great Britain—they receive the same treatment so far as the movement is concerned, the first six days after they land.

By Mr. Sinclair:

Q. Is there any stated time they hold them at the port?—A. No, they first started out by saying two days. We protested, and then they said "one day," and we said "that is not so bad, but cannot you do better," and they said "well, just take your inspection." If the cattle ship is unloaded at night, it will be probably be the next day at noon before they are inspected, but if they were unloaded in the morning, they would be out by night. There is a fee of sixpence per head for inspection there. Now, as to the ports—

By Mr. Hammell:

Mr. Chairman, before the doctor leaves the ports, I suggest the full regulations be incorporated in the proceedings.—A. The full regulations as to movement in Great Britain?

No, from here.—A. I will undertake to indicate to your stenographer the part that includes that.

By Mr. Sales:

Q. After that six days they are free to move any place?—A. Yes, they are as free as British cattle.

By Mr. Sinclair:

Q. Is there any inspection or examination within the six days? A. Yes, I think they have, but it is a very general one. If there is no adverse report—of course, they are under inspection all of the time. At least they are under—

The CHAIRMAN: Observation? A. Observation. Someone reports on those and controls those.

By Mr. Caldwell:

Q. Does that apply to cattle to be killed for beef at once, or just feeders?—A. No, just feeders. The regulations for fed cattle going over for slaughter is not changed. They remain as they were. Cattle are going over all the time.

Q. Do fat cattle have to be slaughtered at the port of landing?—A. Yes, at Glasgow and Liverpool, and there used to be another one too at London, but it is closed now. There are a good many cattle going that way. They go from the United States as well as Canada.

Q. Is there any disadvantage in that to Canadian fed cattle?—A. Well yes, because a great many of our cattle go over there that are not quite finished up, and there are always some cattle more or less bruised, and one thing and another; they have a rough passage, and they get over there in bad shape.

Q. Would they go under the head of feeders? No, unless they start out as such. What I have recommended to the different associations that I have addressed so far, is this, that perhaps all our cattle go forward as store cattle, and when they get over there they have the two outlets, they can go and be fed or be killed. If the demand for slaughtered cattle is good, kill them at once, provided they bring a good price; but if the demand for store cattle is good, sell them as stores.

I think all our cattle should go forward as stores, and have the two outlets.

Q. In that case, Dr. Grisdale, you would not have any outlets?—A. No. The cattle going to these two ports would have to go that way. At any port where store cattle can land, there is nothing to prevent them from being taken out and killed at once.

By Hon. Mr. Tolmie:

Q. In the event that Canadian cattle find a bad market they are unable to hold their cattle, and they are entirely at the mercy of these shrewd English buyers.—A. I think I said that if the demand for fat cattle is poor, they have to take them inside of ten days but if the demand for store cattle is good, and they go from here as such, they can sell them for stores.

Mr. SALES: But are there killing rooms attached to the other ports?—A. Yes, every yard that is making preparations for the reception of store cattle has a killing yard; but, supposing they do not have this, it would not make any difference as far as I can see, because you get a license the first day to move to some point, and that might be a slaughter house.

By Mr. Caldwell:

Q. Did I understand you to say there was nothing to prevent them from killing store cattle if they wished to after they land?—A. No, not that I know of.

Q. Are you sure on that point?—A. Yes.

Q. Why could that not be overcome by shipping them all as store cattle?—A. That is what I am trying to tell you. I recommend they all be shipped as store cattle.

Q. Is there anything to prevent that?—A. Not that I know of. I looked into it fully, and I know of something that would interfere.

Q. That would be the only advantage of shipping fat cattle. The old regulations remain as they are?—A. Yes, if they are shipped as fat cattle, they must be held for that. The only advantage now is that they can be shipped from Portland or an American port. If they go as stores, they must go from St. John or Halifax at the present time.

By Mr. Sales:

Q. Is it not a fact that what they call "fat cattle" are consumed as store cattle?—A. A great many of the fat cattle, to judge from what I have seen, both alive and dead, had better be fed for a few weeks before being killed. That is why I recommend they go as store cattle.

By Mr. Caldwell:

Q. In any case, the journey is hard on them—they will shrink?—A. No, as a rule they gain.

By Mr. Sales:

Q. There is this important point, there, I used to be in the butcher business, and I think I understand a little bit about it. Meat from animals on a voyage gets rather black in colour; it does not bleed out nicely, and is not as bright and good looking as when it is raised in the Old Country. That is what we called the "Bloom." Five or six weeks will put the bloom on these Canadian cattle of ours, give the flesh that bright appearance and will then qualify as good as English cattle?—A. I think that is correctly sizing up the situation.

Q. It is twenty-seven years ago since I left the business, but I presume the conditions are something similar yet.

By Hon. Mr. Tolmie:

Q. I understand there is quite a difference, Dr. Grisdale, between what is recognized as store cattle in the corn belt in the United States, running from 700 to 800 lbs. and the store cattle in Great Britain running for stores, from 1,100 or 1,200 lbs.?—A. Not so heavy, they will run about 1,000 lbs.

By Mr. Caldwell:

Q. Before you leave that, will it not be possible to ship from Montreal under these regulations?—A. I said "at the present time" you cannot ship from Montreal to-day.

By Mr. McKay:

Q. You cannot ship from Montreal in the winter months.

By Mr. Caldwell:

Q. During the summer months?—A. Yes.

Q. There is nothing in the regulations to prevent that?—A. No. I said "at the present time." You would have three ports open, if you wanted to ship

fat cattle, and it is shorter to Portland or Boston than it is down to St. John or Halifax, and more boats call there, but if you ship as stores, you have only two ports open for them. If they are fed cattle, you have all the ports on the Atlantic coast open.

Q. Is it not a fact that all of the fed cattle is shipped in the summer months?—A. I think most of it will go in March and April and possibly May.

Q. Store cattle?—A. Store cattle, yes, and in August and September, and particularly October—that is when our store cattle will go forward—some in November. There was a great demand last fall, when I was there, and if we had been able to ship them last fall, we could have sold them very readily.

By the Chairman:

Q. Are you prepared to inform the Committee as to the relative cost of transportation via St. John and Halifax, or via Portland?—A. No.

Now, as to the ports which are open. Landing places.—Here is a memorandum specifying the requirements of the Ministry as regards the conducting of landing places for animals from overseas.

"Landing places in Great Britain for animals from overseas must conform with the following requirements of the Ministry of Agriculture and Fisheries for the purposes of the administration of the Disease of Animals Acts and the Orders of the Minister thereunder:—

1. Reception lairs or yards in which animals forming separate cargoes can be detained and examined from time to time by a Veterinary Inspector of the Ministry, must be provided. These must be immediately adjacent to the landing stage, or alternatively a run or other means of access must be provided leading directly from the landing stage to the reception lairs or yards. The run or other means of access must be used solely for the purposes of animals landed in pursuance of the Orders, and must be close-fenced so as to prevent the escape of any animal.

2. The whole of the premises used for the purpose of the Landing Place must be completely fenced in with high close fencing and must be used solely for the purposes of the Orders.

3. All parts of the reception lairs or yards used for animals and also the run or other means of access leading thereto from the landing stage, must be so paved as to be capable of being thoroughly cleansed by washing with water.

4. The 'reception lairs' must be roofed so as to give protection to the animals. Adequate lighting must be provided including artificial light. Provision must also be made for the proper drainage and adequate ventilation of the buildings and for water supply.

5. Arrangements must be made for the provision within the 'Landing Place' of accommodation for slaughtering animals, capable of being made use of, at short notice, for the slaughter if necessary of all the animals which may be in the Landing Place at any particular time.

6. The 'Landing Place' must also include within its limits observation and isolation pens for sick animals and a manure pit.

7. Suitable accommodation must be provided for the tying, feeding and watering of the animals whilst in the Landing Place. There should be a fodder store, capable of holding, say, a week's supply, in order to guard against interruption of supplies.

8. Accommodation must be provided for the use of the Ministry's Veterinary Inspectors who are charged with the duty of examining the animals whilst in the reception lairs or yards.

APPENDIX No. 3

9. A responsible Superintendent of the Landing Place must be nominated by the Railway Company or Dock Board, as the case may be, to whom the Ministry's Veterinary Inspector can refer all matters of administration in the Landing Place."

Now, those are the conditions in connection with the yards. You have been asking as to where the cattle may land, and I have the following communication from the Ministry of Agriculture and Fisheries, in Great Britain. This was sent through the High Commissioner, and is addressed to Mr. Larkin. It was sent to us for information, as it was a direct reply to our questions.

"With reference to your request that I should explain for your information the whole position of the Ports and Landing Places for Imported Animals I have now much pleasure in giving you all the basic information I possess. To understand the position properly there are one or two things which must be grasped from the outset:—

(1) The Government is not the proprietor or lessee of any Imported Animals Wharf. These are entirely private ventures.

(2) These ventures have been undertaken in the past usually by Harbour Trusts Railway Companies, or Local Authorities with some interest in the trade of importation of animals. They are entirely responsible for the establishment of the Landing Places, and the financial undertakings are entirely theirs. All the Ministry does is to license them by Order on request, but naturally the Ministry imposes certain conditions with a view to guarding against the introduction of disease, and its spread if it should unfortunately be introduced. The Ministry also exercises certain rights in connection with some of the charges which may be imposed. A copy of these conditions is enclosed herewith"

I have read those to you already.

"(3) In connection with the existing trade (that is to say before the importation of Animals Act, 1922), certain ports were equipped and running in connection with the importation of animals for slaughter (under the Foreign Animals Order). These are as follows:

Port	Name and address of occupiers
Birkenhead	Mersey Docks and Harbour Board, Dock Offices, Liverpool.
Glasgow	The Corporation of Glasgow, City Chambers, Glasgow.
Manchester	The Manchester Ship Canal Company, Manchester.

To this list, however, I think should be added Dundee, because we know for certain that Dundee is actually preparing a wharf for the express purpose of receiving Canadian cattle. The name and address of the occupiers is the Dundee Harbour Trust, Dundee."

I have received a wire from Great Britain which says that the Dundee Harbour Board are spending £50,000 on improvements to receive Canadian cattle.

"With the exception of Dundee you may take it, I think, that the others, being old-established ports, and having very little extra to add in the way of space and equipment, could be ready to receive Canadian cattle as soon as the departmental organization for dealing with the trade is completed. As explained to you, however, in interview, that organization, depending to a large extent, as it does, on Treasury sanction, can-

not be completed in a few days as many people without knowledge of what Government machinery is seem to suppose. I can assure you, however, that the matter is being pressed forward with the utmost expedition possible.

(4) In addition to the ports mentioned the Ministry has learned that others are considering the question of establishing Wharves. These are as follows:—

Port	Name and address of occupiers
Bristol (Avonmouth)	Bristol Docks Committee, Queen Square, Bristol.
Cardiff	The Great Western Railway Company, Paddington Station.
Falmouth	The Canadian Pacific Railway Company, Charing Cross, S.W.
Harwich	The London and North Eastern Railway Co., Marylebone Station, N.W.I.
Hull	The London and North Eastern Railway Co., Marylebone Station, N. W. I.
Leith	The Leith Dock Board, Leith.
London (Deptford)	The City Corporation, Guildhall, E.C.
Newcastle	The Corporation of Newcastle, Newcastle.

Obviously the above are likely to decide the question on a financial basis."

I have brought a map of Great Britain which will give you some idea of the location of those different points.

The CHAIRMAN: Just point them out, please, beginning at Dundee on the Northeast coast.

By Mr. Sales:

Q. There is rather a big jump round the South coast?—A. There is Falmouth, and of course it is not very far from London or Harwich. Bristol and Cardiff are very easily reached along the South coast.

"Most of them have asked the Ministry whether, supposing they go to the expense of establishing Wharves and Landing Places, a supply of cattle will be guaranteed sufficient to pay a reasonable interest on their expenditure. Sometimes that expenditure is a question of buildings; sometimes it is a question of dredging and sometimes it is a question of both. Clearly the question is one which the Ministry is unable to answer. It can only be answered by the Canadian exporter, or the Canadian Department which may deal with the export of cattle.

I venture to suggest, therefore, that you might get in touch with the portal authorities mentioned, with a view to discussing the possibilities and probabilities. For your information I may tell you their attitude, so far as I have gathered it. They say:—If cattle are coming regularly from Canada, and the number, even if it be equally distributed over each of the ports, only amounts to say 1,000 or 2,000 animals for each port, it is clear that there will not be justification for expending the sum of money necessary to equip an Imported Animals Wharf, although the conditions as regards equipment, etc. are not in the least unreasonable. They also say that they would like some assurance that the Canadian trade will

continue and will not, for its own convenience, consign the greater part of the cattle to certain ports, such as Birkenhead and Glasgow, their point being that the Canadian trade might find it possible and more economical to land all the cattle at one or two ports, from whence they could be easily distributed all over England and Scotland, with the result that their outlays on other ports would be for no purpose, and a dead loss. You will see from this that the problem is not quite so simple as those who are not informed about it might suppose.

You will remember that when I saw you with Sir Daniel Hall we told you that a deputation from the City (London) Corporation was coming to see the Ministry in a day or two, and that you would be informed of the result. The deputation came today and their business was as follows:

Their old wharf (Deptford) is not available, being used for another purpose at present, and in any case it would require a very large sum of money to put it in order. They wanted to enquire, therefore, whether the Ministry would sanction what is practically an Inland Market as a Landing Place; that, however, we believe to be against the Act, and in any case it would be undesirable. For the time being, then, I should say that London is not in a position to import, unless they will spend the money on putting up a proper Wharf, or in restoring the old Wharf, which they do not wish to do. Again, you will see, it is very largely a question of finance, so far as the portal authority is concerned, and I doubt very much whether they will spend the money unless there is some guarantee with regard of the trade.

If there is anything further upon which I can give you information, please command me."

Now, we have been looking into this question of ports, and we find that the different ports I have mentioned are very anxious to receive our cattle. The question of preparing the equipment necessary is a very important one. It costs a great deal of money. For instance, the port of Newcastle had anticipated opening up, but when they went to investigate they found it would cost, in the first place, about £8,000 for dredging and I do not remember just how many pounds for clerical supervision of the disembarkation of the animals. Consequently, they have abandoned the idea, so that Newcastle, though it is mentioned by the Department as being a port likely to be opened, will not open for some little time at least.

By the Chairman:

Q. What ports will be opened on the 1st of April for the reception of our cattle?—A. I think Dundee, Glasgow, Birkenhead and Manchester. These four we are practically sure of. If Dundee is not opened at the very beginning, we have a message that it will be soon after. Bristol and Cardiff are making preparations also, and they will soon be opened, either one or both of them.

By Hon. Mr. Tolmie:

Q. How many head of store cattle do you expect will be moved the first year?—A. You mean inside the first twelve months?

Q. Yes. Would you say 100,000?—A. Possibly.

Q. Have you shipping accommodation for that number?—A. Not just in sight at the present moment. We have not been in a position to get that information, but we have a man working on it at the present time and he will be here early next week. He will be in a position to give you a much more thorough analysis than I can hope to give you to-day.

By Mr. Sales:

Q. I presume you are making a study, or perhaps you have already made a study of the localities to which our cattle should be shipped?—A. Yes.

Q. Take the east coast?—A. There are Dundee, Leith and Newcastle.

Q. I am referring to the east coast of England?—A. There is Harwich. On the east coast there are Dundee, Leith, Newcastle, Harwich and London.

Q. Take the county of Norfolk. There is a tremendous quantity of barley grown in that district, and Harwich would be the proper point to unload the cattle for that district?—A. Yes.

Q. That would mean the cattle going in the fall to feed in the winter? —A. Yes.

Q. Their season corresponds with ours, their harvest season is the same as ours, and the same would apply to Scotland. But to ship cattle to Liverpool and then take it by train to Harwich would mean a loss?—A. It would be rather expensive, for the freight rates there are higher than they are here.

Q. I suppose you will take all these things into consideration in advising shipments?—A. We cannot control that. We cannot say to a shipper, "You had better go to Harwich or Dundee, or Leith." He goes where he likes.

Q. But you can advise them?—A. We might advise them.

Q. I think you will find something worth studying there?—A. Yes. I may say that tremendous interest has been awakened across the water in connection with the importation of our cattle. We have heard a good deal of it here, and the shipping companies in Montreal have been hearing even more. Mr. Coates informed me the other day that the interest and excitement on the other side is tremendous. You would think we were going to ship a million cattle, but I do not anticipate that anything like that number will go forward, so that some of them are going to be disappointed. The men who are anticipating great things are the dealers. They are very numerous over there and very keen. For instance, to give you an idea of what some of them are doing, I have here a plan which I received a few days ago, outlining one man's preparations—perhaps preparations is not the proper word—his plan of anticipated preparations. This man, is the president of the co-operative organization who are interested in this importation, and he proposes to establish those yards which are marked on the plan at Pakenham.

By Mr. Sales:

Q. That is the district I was speaking of?—A. Yes. That is the county of Norfolk. But of course, he would have to receive his cattle at the nearest port to that, Harwich.

By Mr. Sales:

Q. Yes.

The WITNESS: This firm, or rather this body of men, are very keen on handling the cattle themselves, bringing them right from here, and handling them through their distributing yards. In that part of the country they want to get their cattle in the fall.

Q. Yes?—A. I might say—I have not much more to say in connection with the facilities for moving, or anything else—I might say that when I was in Great Britain in October, I made it a point to go out and visit their farms, where cattle were being handled, imported Irish stores, and with very few exceptions I found the Irish cattle to be a pretty good class of cattle, better than our average. They were not better than anything we produced, but better than our average, which means that if we are going to compete satisfactorily with these Irish cattle, we will have to be pretty careful of the class of cattle we ship,

or we will labour under the disadvantage of shipping not as good stuff as the Irish are sending, and the anticipated demand for our cattle will fall off, so we ought to be as careful as we can in selecting the cattle we ship. The government, unfortunately, cannot exercise any pressure other than a strong recommendation to the shipper to send good stuff. I think, however, once he has shipped poor stuff he will not do it again, but nevertheless, if he did ship some poor stuff he would give the trade a black eye, and we would urge very strongly that only good stuff go, to begin with.

By Mr. Sales:

Q. I agree with you absolutely. This is what happens. The dealer would go to Liverpool, or Birkenhead, or Glasgow, and if he cannot buy the cattle his clients want, he will not go again, and we may very easily make or mar the reputation of Canadian cattle for years by the shipments we make at first. A dealer will not go and spend time to go a hundred miles, unless he can buy something worth while. If we ship this poor stuff it will be a very bad thing.

The WITNESS: I think, Mr. Chairman, unless there are some further questions, that that is all I have to say.

By Mr. Sales:

Q. Can you give us any idea of the cost of transportation? Take from Winnipeg to Liverpool.—A. Yes; at present rates it would be somewhere between $45 and $50 a head.

Q. That will put us completely out of it?—A. That covers all expenses until it has passed the six days and is landed on the farm in Great Britain.

Q. Take a 1,200 pound steer, what will that make when it gets to the market? —A. What would it bring?

Q. Yes?—A. I presume at present it will bring about £25.

The CHAIRMAN: I think $4.76 is about the exchange now.

The WITNESS: A little less than that.

By Mr. Sales:

Q. $45 from that would not leave much?—A. It might bring a little more. They will take from 1,000 to 1,150 as the favourite weight. A 1,100 pound steer would bring about that.

Q. Less than $100?—A. No, over $100.

Mr. CALDWELL: That is $119, about.

The WITNESS: It is about $119.

By Mr. Caldwell:

Q. What is the cost of transportation?—A. I think the best you could expect to do it on, all expenses included, would be $45.

By Mr. Sales:

Q. Can you tell what that means to the grower in Saskatchewan?—A. It is about one cent to Winnipeg.

Q. That is $10 less, that means $64?—A. $64 or $65; that would be at about two and a half or three years old.

Mr. SALES: It does not look very bright.

Mr. HAMMELL: They are not very bright at home.

By Mr. Elliott:

Q. That will be for store cattle strictly, not finished?—A. No. Supposing the animal was a little fat, or half fat, he would fetch more.

Q. How much?—A. It would depend upon how fat it was, perhaps £5 or more. They buy them there for what they are; it all depends on the kind and the condition of the animal itself. Each animal is bought on its own merits. For instance, I saw a bunch of Irish cattle near Nottingham—I think there were about 60 in the bunch, and of them 55, about 90 per cent, were good cattle, but five or six of them were real culls, such as you would see in some of the worst places in Canada, but most of them were all right.

By Mr. Sutherland:

Q. It is not necessary to grade them for the buyer over there?—A. No, sir, he knows an animal when he sees it; he can size up an animal as quickly as anything I have seen.

By Mr. Elliott:

Q. Do you not think that quite an industry will develop in the Old Country, farmers buying our cattle and taking them to their farms for a few weeks or a month or so and reselling them in the markets of the Old Country?—A. I think so, and that is why I advise that cattle go over in stores.

Q. What will be the difference in the value of these cattle?—A. It will be a big spread.

Q. More than we get?—A. Yes.

By Mr. Caldwell:

Q. That is the hope of our market?—A. Yes, and the hope of the market over there, because the British farmer sees a chance to develop a commonplace Canadian into a real aristocratic Briton, and sell it as such. He can make money on it, all right.

By Mr. Elliott:

Q. We do not want him to make the whole thing?—A. Just to give you an idea, on the Smithfield market I saw Canadian beef selling for eight or nine cents, killed at Liverpool or Birkenhead, and Canadian chilled beef, shipped from Toronto, selling at six pence, and the British article was selling at twelve or thirteen pence, so you see the difference.

By Mr. Sales:

Q. That is very high, though, Doctor?—A. Those were the current prices that day.

Q. Exactly, and it is very high.

Mr. CALDWELL: I think the object of Dr. Grisdale's remark is to show the difference between well-finished British beef and Canadian beef.

Mr. SALES: Yes, but my object is to think of the return to normal times, and whether we can create a cattle industry in this country.

The WITNESS: At the time I saw this beef on the Smithfield market, stores were selling at £18 and £19, weighing 1,100.

By Mr. Sales:

Q. Very high?—A. You would not call that high, £19 for an 1,100 store?

By the Chairman:

Q. Mr. Sales has spoken, Dr. Grisdale, of the transport of an animal from Saskatchewan to the British market at Liverpool. Now, there is a great deal of stock raising in Eastern Canada?—A. That would take off $10 or $12.

Hon. Mr. SINCLAIR: The ocean rate now is, I think, $20.

The WITNESS: I think it is $20, I heard that some was selling at $22.50; is that as high as you have heard?

Mr. HAMMELL: Through some of those brokers you hear about.

The WITNESS: I suppose.

By the Chairman:

Q. Hon. Mr. Sinclair has asked about a shipper, I think Mr. Elliott gave us his name, a Mr. Brown, who lives on the Preston Road, near Galt; do you know him?—A. I know him.

Mr. ELLIOTT: We thought it advisable to have him here as a witness; he has been in the business for years.

By the Chairman:

Q. Is there any other feature you would like to discuss?—A. No.

Mr. STANSELL: Mr. Sales was discussing an 1,100 pound steer, which figured out at about $64. I would like to ask Mr. Sales if at the present time, he can produce that steer for $64. I think that is where he wanted to arrive at, and I would like to ask him the question.

Mr. SALES: What I wanted to arrive at was this, whether we can really recommend to our people in Western Canada to go strongly into the cattle industry, in the hope of enjoying a profitable and permanent market, because if we cannot do that we should not encourage them to put up buildings and silos and change their method of farming and all that kind of thing, unless we can see these things ourselves, and I want to take you back, Doctor, to what I call normal times, because I am convinced that meat will not remain, and cannot remain, at the present price in Great Britain. Take your 1,200 pound animal which dresses 60 per cent; that is a good animal?—A. Yes.

Q. That you mean that a 1,200 pound animal would dress 720 pounds. That would bring you, roughly, about $100, and that, with $40 taken out, leaves $60. Mr. Stansell asks if we can grow that at $60?—A. If the price of cattle and other things goes down, will the cost of transportation not go down, and everything else in connection with it?

Mr. STANSELL: What I said was, under present conditions, can you produce that steer for $64? If the conditions change over there, I presume they will change here also.

Mr. SALES: No. I would say there was more profit years ago at $40 than there would be at $60 to-day, for this reason. We could feed all the cattle we had at that time, because the land was all open, but now the land is all fenced up. Then there is the question of taxes; our taxes in those days were $5 a quarter; to-day they average $80 a quarter, and we have all the land taken up. We have our money invested in that land and our taxes paid, and as I say, what cost $40 a few years ago costs $60 to-day.

Mr. CALDWELL: I think we are getting away from the point.

MR. HAMMELL: I think so, too. We decided unanimously yesterday to study the transportation question; now we have gone right back to the question of production, which I suggested in the first place.

THE CHAIRMAN: We were to consider the question of transportation costs, but neither Dr. Grisdale nor Mr. Arkell has the information with him, so we went on with what we have.

MR. CALDWELL: Yes, but we were not to deal with production to-day.

THE CHAIRMAN: Thank you very much, Dr. Grisdale. Might we now hear from Mr. Arkell; I understand he has some special information to give us.

MR. H. S. ARKELL, Livestock Commissioner, Department of Agriculture, called and examined.

By the Chairman:

Q. What is your special function in the Department, Mr. Arkell?—A. I have charge of the livestock work, Mr. Chairman.

Q. Livestock Commissioner?—A. Yes.

Q. Perhaps you had better make your statement first, before we start questioning you.

THE WITNESS: I only learned this morning, Mr. Chairman, that you wished any statement, and I am hardly aware at the moment as to exactly what form this statement should take.

THE CHAIRMAN: We were hoping to be able to deal with the question of transportation costs, but we really did not give the Department sufficient time for you to get your material together. We understand, however, from Dr. Grisdale, that you have some facts to communicate to the Committee, which you judge to be of value, and which I am sure the Committee will be glad to hear. Just follow you own method in giving these facts to us.

HON. MR. TOLMIE: Perhaps I can help the witness. Take the remarks of Mr. Sales in his calculation about what we get from these steers over there. I do not think he mentioned offal at all; what would that be worth?

The CHAIRMAN: First of all, do we get that, or does the £21-0-0 include everything?

HON. MR. TOLMIE: That is the steer's selling price, including what is generally known as the offal.

MR. SALES: When the purchaser buys the animal, he gets everything; he calculates on what is the cost of the animal laid down on the market.

HON. MR. TOLMIE: That is when the cattle are killed, after they land in Great Britain; but this man that buys the carcass, does he not calculate on the offal?

The WITNESS: The offal, or the calculation of the value of the offal is, I think, as will be admitted, an important factor in connection with the price valuation of cattle, overseas. As Dr. Tolmie knows, the quotation generally speaking, from Glasgow, is a quotation "in sink."

By the Chairman:

Q. What is meant by that term "in sink"? I think that is what Dr. Tolmie wanted to know about.—A. The meaning of the term "in sink," is this, that if dressed sides are worth, say, ninepence per pound, the value of the offal is added to that quoted value, say, a halfpenny per pound, and the value in sink is the addition of these two values, ninepence halfpenny per pound. Dr. Tolmie's suggestion was as to the value of offal on Old Country markets, where there is a great demand for a cheap product of that kind. It adds materially to the value of a steer and represents a very distinct margin as between the value that can be obtained in Great Britain, in view of that demand there for fresh killed offal and its value there, and in view of the fact that we have a limited demand for the offal in Canada. If it is exported it has to be frozen and is sold in a very unsatisfactory state. It is comparable to frozen beef as compared with fresh-killed beef. It is almost an unsightly thing—frozen liver, for instance; but there is a very distinct demand for the fresh offal from the poorer classes, and I think it has considerable value overseas. I think that is the point Dr. Tolmie wanted to bring out.

APPENDIX No. 3

By Mr. Caldwell:

Q. Does that halfpenny per pound difference cover the hide and everything? —A. It varies from, I should say, a halfpenny to a penny farthing per pound.

Q. That is a halfpenny on the whole carcass?—A. Yes, per pound of the carcass value.

Mr. SALES: They use the stomach, which we throw away here; that is, the tripe. I have sold hundreds of them for $1.25 each,—5 shillings.

Hon. Mr. TOLMIE: Do they use the fore-stomach?

Mr. SALES: No, they do not use that; but the tripe and cow-heel business is a very extensive business over there. The people boil it and use it as food. Neatsfoot oil is obtained from that. Everything is used from the head to the tail in England; that is how we make ends meet in Western Canada.

The CHAIRMAN: You can now go on with your general statement, Mr. Arkell.

The WITNESS: I think perhaps I can follow the argument through, in order to indicate the changes that are taking place, in connection with the development of our beef industry as a result of the expected development of the store cattle trade. I think that may be of interest and probably I can follow that through, with some reference to a comparison of values based upon transportation costs. I understand that your question respecting transportation has to do largely with the control of the space; that is a point that I think ought to be covered in connection with this subject. There has been a distinct movement in connection with the development of the store cattle business or Canadian feeder business during the past year. To illustrate what I mean, I may say that in 1921 store cattle or unfinished feeder cattle constituted nineteen per cent of the total trade in cattle in Canada.

By the Chairman:

Q. Export trade?—A. No, home trade. In 1922 the feeder trade represented thirty-three per cent of the total trade in Canada.

By Mr. Caldwell:

Q. Can you give us the percentage for the export trade and for the home trade respectively?—A. You will understand, Mr. Caldwell, that up to the present time we have exported to Great Britain only finished cattle—cattle for immediate slaughter.

Q. Do you know the extent of this export trade to the United States?—A. I can get you the figures on that if you wish.

The CHAIRMAN: May I offer this suggestion, that we let the witness make his statement and that members of the Committee take notes on the slips of paper that have been provided, and then question him at the end.

Mr. CALDWELL: I thought possibly Mr. Arkell would rather answer these questions as he went along than to go over the whole thing again a second time.

By the Chairman:

Q. Which would you prefer, Mr. Arkell, to make your statement first, or to be questioned as you go along?—A. With your permission, I would like to make my statement first, if that is agreeable. That change in percentage that I have just mentioned is due to two reasons, first, to a distinct liquidation of cattle during 1922, owing to rather severe financial conditions as compared with 1921; and it is due also to a distinct development of the trade, anticipating the development of our trade in store cattle overseas. This latter development has proceeded along two lines: first, the feeding of store cattle during the winter

months by grain farmers in Western Canada who have purchased feeders in the latter part of October, November, and early December, for return to country points, with the expectation that they will be feeding out in the spring. That is one phase of the movement. The second phase is this, that there has been a very large export trade from Western Canada to Western Ontario during the season, from Edmonton and Calgary, from Saskatchewan points, and particularly from Winnipeg. These cattle are now on feed in Western Ontario—some of them under contract, some of them having been bought outright; and while I cannot give you definite numbers, I may say that not within recent years has there been such a heavy holding of feed cattle in Western Ontario as has been the case this year. Those cattle, some of them, were bought in Edmonton at from 3½ to 4¼ cents per pound last fall; good cattle they were. They went into feed in Ontario ranging from 5½ to 6 cents per pound, some of them on contract, to be sold out in March or in April at 7½ cents per pound. Others of them have been bought outright and will be offered for sale during the latter part of March, April, and early in May. I cannot emphasize too strongly, I think, the phases of the trade that I have indicated as evidencing the turn from grain farming in Western Canada to cattle growing as a winter occupation. There is also this stepping-down process, as it were, where you have the movement from Western Canada to Ontario, from the producing grounds to the feeding grounds for the utilization of the grains and fodder in Western Ontario, with the expectation that these will then be sold as store cattle in the following spring. I want to repeat that that has been the most pronounced movement we have known in recent years. I am talking from this statement here. It is estimated that the overhead on a 1,100-pound steer shipped to the British market is roughly, $35 in Toronto, $45 in Winnipeg, and $47 in Calgary. This estimate is based on ocean cost of $20 which is the prevailing rate at the moment; land freight 29 cents from Toronto, 85 cents from Winnipeg and $1.14½ from Calgary.

By the Chairman:

Q. That is per 100 pounds?—A. Yes. Two feeds of Winnipeg cattle in transit, east, four feeds on Calgary cattle, yardage, docking, feeding and so forth, Montreal $2. Ocean feeding and equipment, $5.

By Mr. Hammell:

Q. You did not say how many feeds on Toronto cattle it would take, or would it require any?—A. It does not require any, from Toronto to Montreal.

Q. That is, if they are loaded at Montreal?—A. Yes. I am giving this as a Montreal basis. Selling and so forth, British ports, $6.

By Hon. Mr. Tolmie:

Q. The total?—A. The total, as I give it, is $35 from Toronto, $44 from Winnipeg—

Q. That is all included?—A. Yes. This may vary either way, but those are the approximate costs.

Current British store cattle prices range from £13 to £16 on steers, up to 22 months, £16 to £23 on steers up to 30 months, and £23 to £29 on steers, 30 months and over. Converting this value into our dollar equivalent at the present existing rate, $4.76 as indicated by the Chairman, would show a value on yearlings, $64 to $76.50, two year olds, $86 to $110, and three years old, $110 to $137. Taking the extreme prices if we obtained, the high price of $137 for Canadian beef, the highest price one can afford to pay at Calgary to break even without loss would be around 8 cents, at Winnipeg 8¾ and at Toronto 9 cents. The best export steer at Toronto is selling now around 9¾ cents.

By Mr. Sales:

Q. Are you sure you are right about 8¾ at Winnipeg, and 9 cents at Toronto?—A. Yes, that is the statement I have here.

Q. You cannot get from Winnipeg to Toronto for one quarter of a cent?—A. I have only the statement here—

Mr. HAMMELL: The difference would be in going from Winnipeg to Montreal, as against going from Toronto to Montreal.

The WITNESS: There is a little discrepancy there, but I do not just get it at the moment. However, the comparison stands. Taking the average value of the two year olds and the three year olds, we think $110 is the average price, the price on which we can base our calculations.

By Mr. Sinclair:

Q. You are just taking advantage of the basis on the present market?—A. Yes.

Q. Do you allow any profit to the dealer?—A. No, just to break even. We are not questioning any allowance for profit at all.

Q. Taking the cost at the price they realize in the Old Country?—A. Yes. That is it.

Estimating then the cost at $110, the price which is equal to $5.75 at Calgary, $6 to $6.25 at Winnipeg, and $6.75 to $7 at Toronto—Mr. Sales was quite right; there is a variation there—plus the cost of exporting—my point is this, that a 1,100-pound steer worth $110 on the calculation, the average calculation, cost excluded, would be worth $5.75 at Calgary, $6 to $6.25 at Winnipeg, and $6.75 to $7 at Toronto. That is the closest calculation we have been able to make, giving the comparison of prices at the present time. The British prices quoted are for first quality stock in all grades.

By Mr. Elliott:

Q. Just a moment ago you spoke of yearlings, two-year olds and three olds. Is there any difference in the ocean freight between a yearling an a two-year old?—A. Well, only you may get four cattle into a space for three.

Q. Are you credited for that?—A. You are, if you can get that in, if you are allowed to get that in, but otherwise the cost is calculated upon the price per head.

By Mr. Hammell:

Q. So many square feet of space for each animal?—A. Yes. You are not always allowed to do that. That is a matter of the shipping regulations, and the management of the boat, but in the case of the smaller cattle, it is occasionally allowed.

Q. You might possibly get five in in the place of four?—A. Yes. You are aware that otherwise the cost is the same.

By Hon. Mr. Tolmie:

Q. These prices are based on the selling price of that steer in Britain?—A. Yes, sir.

Q. What are the prices of similar or identical cattle in those three places at the present time, without taking advantage of the export business?—A. The present prices of feeder cattle in the public market at Toronto at the present time are as follows: $5.75 to $7.

Q. And in Calgary?—A. $2.75 to $4.50, as against $5.75.

Q. That is just a comparison?—A. Yes. Winnipeg, $3.50 to $5, as against $6 and $6.25.

By Mr. Hammell:

Q. It looks like an improvement anyway.

The WITNESS: $5.75 to $7 at Toronto, as against $6.75 to $7

By Mr. Sales:

Q. Pardon me, are you not taking the highest grade in England against the lower grades here?—A. That appears in the calculation that I have given you. I have indicated that the British prices are for the best grade, and I have indicated also that the current prices of feeder cattle which would be a grade to some extent not quite up to the grade that might be exported, with greater variations are considered below, as will be noted.

Q. Your last figure looks almost as if an embargo will raise the price in Winnipeg up from $5.75 to $6.25 in Calgary.—A. I think I have made my point clear——

Hon. Mr. TOLMIE: My question was "for identical cattle", because the cattle that are now being exported are from Toronto and Western Ontario, and they are representative of the grade of cattle that are noted here upon which I have given you British prices. I think it would be understood, that the comparison there is as between $5.75 to $7 at Toronto, and $6.75 to $7 here. Is my point clear?

By Mr. Sales:

Q. What grade would you take in Winnipeg?—A. That is where the explanation should be made, namely this: that the grade of cattle coming into the Winnipeg market or the Calgary market at the present time is the only grade offered at Toronto. That is, there is a greater variation in the grade at Winnipeg or Calgary than at Toronto, with the possibility that the grades are lower; that being the case, the possibilities are that the quotations are not quite so exact.

Q. Would you quote us the best grade at Winnipeg and Calgary?—A. I think I could give that. The best butcher steers range from $5.50 to $6 in Winnipeg.

Q. And you quote $6 to $6.25?—A. Yes.

Q. And Calgary?—A. Choice butcher steers, from $5 to $6; fair to good, from $4 to $4.55. Those are reckoned as being not feeder steers; they are rather a high class finished steers. That is the quotation I have given you.

By Mr. Sutherland:

Q. Those figures you have given and also those given by Dr. Grisdale would indicate that the Ontario farmer is making money through finishing the cattle brought into Ontario from the west, and the Old Country farmer is making a profit on finishing those sent from Ontario?—A. Yes, I think that is a fact.

By Mr. Sales:

Q. Are you through with your statement?—A. I would like to say this. I think perhaps I have kept you long enough in regard to that point.

The CHAIRMAN: Take your time and develop the matter thoroughly. There is no hurry at all.

The WITNESS: It is worth while noting, that the feeder trade—the store cattle trade in Great Britain at the present time is steadily improving. It is firm at the moment as compared with what it was, say a month ago, due probably to the fact that several Old Country feeders were holding off purchasing supplies there anticipating they might be able to obtain steers more cheaply from Canada. Latterly they found that there may be problems in connection with that which they had not previously anticipated. They are now in the

market, and being in the market, has strengthened the price, with the result that cattle in going forward as feeders may participate in that, unless the British feeders have been able to obtain their supplies. But that is not expected. It looks like a fair firm market for the next two or three months.

By Hon. Mr. Tolmie:

Q. What effect will these Canadian cattle have on that market?—A. Personally I think, Dr. Tolmie, that for the moment the effect may not be very heavy unless many more shipments go forward than we understand to be going forward at the present time.

By Mr. Elliott:

Q. Mr. Arkell, what will be the effect as far as the Canadian feeder is concerned, of these store cattle going out of the country to the British market?—A. Just this, Mr. Elliott. If I may make my statement as concise and clear as possible; you will have noted that comparisons at Toronto do not indicate that there is any very great margin as between the prices realized on the basis of the Old Country market, and the prices we are now here realizing. That is clear, is it not?

Q. Yes.—A. The point is this. The cattle are being moved on from Toronto, as they have been moved on from Western Canada, and the fact of that outlet for a surplus class of cattle for which there is no immediate outlet here, has the effect of providing against the glut on our own market for the class of cattle for which we had not a steady outlet before, and therefore the maintaining of prices comparable to the world's conditions.

Q. In other words the price of the Canadian feeder will be increased?—A. As against what, Mr. Elliott?

Q. As compared with the price we have been paying in the past for our feeder cattle?—A. The price of the Canadian feeder will be maintained as against what it would have been if we had not found this outlet, even though the margin of profit may appear to be a very small one.

By the Chairman:

Q. The larger market will tend to maintain the level price, is that it?—A. Absolutely.

By Mr. Caldwell:

Q. And it will tend to increase production?—A. It cannot have any other effect.

Q. It should not create a shortage of feeders for the Canadian market?—A. I do not think so at all. As a matter of fact, if we had not this outlet, in view of the heavy liquidation last fall, our present market would be very serious indeed.

By Mr. Elliott:

Q. Do you not think that the liquidation last fall was due to the fact of this market opening up?—A. Only partly so.

Q. That was why so many Ontario men stocked up heavily with those cattle?—A. I think I dealt with that at the beginning. If I had time to go into the figures and analyse the movements of cattle of all sorts you would find that there was a distinct liquidation from the point you have raised.

By Mr. Sales:

Q. You spoke of the development of the feeder trade from western Canada to western Ontario, and then through to the Old Country; has it ever occurred to you that there might be a through transportation rate, the same as exists in the milling industry?—A. Yes.

Q. Grain may be chartered through to Montreal on a through rate, to any mills so long as the grain is moving eastward at one cent a bushel. I can readily see that the western Ontario men may very well finish our cattle to a higher state of perfection than we can in the West, because they grow so much corn and fodder. If we could have a through rate, would that not help the situation a great deal? Have you taken that up?—A. Yes, that proposal has been discussed on different occasions.

Q. What is the result?—A. Not very favourable as yet.

Q. I do not see why the milling industry should have those privileges, and not another industry?—A. I think it is a matter of maintaining the identity of the stuff and preventing fraud.

Q. You could ear-mark them as Doctor Grisdale proposes?—A. We have, as you know, a through dairying rate at the present time, with certain privileges in the West, which is a very considerable concession by the railways.

Q. I think that is a point which should be taken into consideration. There is just one other point perhaps, too. Your rates in Winnipeg and Calgary are based on a $20 ocean rate. Is there any such $20 ocean rate in existence to-day? —A. That is raising a question—

By the Chairman:

Q. To the best of your knowledge and belief?—A. Mr. Chairman, it involves the whole question of whether you can get the space. I think that is what is in the mind of Mr. Sales.

By Mr. Sales:

Q. It is not fair to quote those figures unless this $20 ocean rate is in existence, or is in prospect of being in existence?—A. That is the rate charged.

Q. It is?—A. Absolutely, yes. I thought you had in mind whether you could get space at that rate. That is quite another question.

Q. Another point, you made a remark about men feeding cattle in the west and going to California in the winter. How many men have you personally known who did that, because I do not know of any.

The CHAIRMAN: I guess they must come from Alberta.

By Mr. Sales:

Q. How many have you personally known who spent their winters in California?—A. I did not mean that as an insinuation upon the western farmers, and I hope it will not be so interpreted.

Q. Can you mention any?—A. Yes, sir. The illustration I gave you was in the office of the manager of the Saskatoon exhibition, and the man to whom I had reference was a man who lived just 20 miles west of Saskatoon.

Q. You have actually met one man?—A. Yes, that was the illustration I gave.

Mr. SALES: It is a very small percentage.

Mr. HAMMELL: He did not suggest that it was the general rule.

WITNESS: I did not suggest that.

The CHAIRMAN: Are there any further questions which members desire to ask Mr. Arkell?

Witness retired.

Mr. BOUCHARD moved that a report be presented to the House recommending that a quorum of this Committee be five members.

Mr. ELLIOTT seconded.

Motion agreed to.

APPENDIX No. 3

The CHAIRMAN: It is moved by Mr. Sales and seconded by Mr. Gardiner that Messieurs D. A. Campbell of Montreal and Mr. John Brown of Galt be summoned as witnesses to give testimony before this Committee on Tuesday next.

The Committee adjourned until Friday, March 9, at 10.30 a.m.

HOUSE OF COMMONS,
COMMITTEE ROOM 268,
FRIDAY, March 9, 1923.

The Special Committee appointed to enquire into Agricultural conditions throughout Canada met at 10.30 a.m., Mr. McMaster, the Chairman, presiding.

The CHAIRMAN: I must thank the Committee for their promptness. Who is the first witness who wants to be heard. Mr. Taylor?

Mr. LIONEL E. TAYLOR, called and sworn.

By the Chairman:

Q. Mr. Taylor, what is your full name?—A. Lionel E. Taylor.

Q. And where do you come from?—A. Kelowna, British Columbia.

Q. Are you appearing on behalf of yourself or on behalf of some association?—A. I am appearing on behalf of the British Columbia Fruit Growers' Association.

Q. Would you like to make a statement first and then be questioned afterwards?—A. Might I explain, first, that we had no brief prepared for this Committee, but we are very much obliged to you for the hearing, since we are here in Ottawa, on the fruit business, but I am not prepared to give a full statement of our case. I would simply like to lay before you some of the aspects of the fruit business and later on to file a brief on behalf of our Association.

Q. May I ask you another question? Would you prefer to be questioned as you go along, or would you rather have members of the Committee make notes of what they wish to question you about, and question you when you are finished?—A. It is quite immaterial, because I have no set speech to make. I might say that we only heard last night at 11 o'clock that we were going to have this privilege.

Q. I may say that we went out of our beaten path so you could get home to British Columbia.—A. We appreciate that very much.

If I might be allowed to make a statement as to the position of the fruit industry at the present time in British Columbia; we have passed through rather stirring times during the past year, and we have accomplished I think a great deal which will have a great bearing on the industry, and I would like, if I may, to sketch what has been done this year, and I will do it as briefly as possible, and if you wish more information I can give it to you as we go along.

In 1921 we were confronted with a very bad market with regard to prices and things looked rather serious. A good deal of this was attributed to our shippers consigning fruit. Up to 1921—up to the end of 1920—the way the fruit was sold was that the shipper or shipping firm or packing house or whatever you might call them, bought the fruit from the growers at a fixed price, and after the growers had delivered the fruit to the shipping firms, the growers had no

further interest in it, excepting to receive the money. But in 1920 the shippers met with large losses in the price of fruit. They had met losses in previous years, too. I do not say that they did in every year, but they discontinued that method of marketing, and from 1921 on very little fruit was bought by the shipping firms. They handled everything on a commission basis. Let us say the growers paid the shippers a certain sum, 65 or 60 cents a box to pack and market the fruit. That included their profit.

Q. You mean fruit of all kinds?—A. That applies to apples and pears—that price. It varies with other commodities.

At a meeting held just a year ago, I think it was in April of last year, it was pointed out to the growers by the Government officials—the Marketing Commission—that our methods were bad, that the market was not being handled in the way it should be done, that this consigning was ruining our business, and the outcome of this was that a committee was appointed by the growers, a committee of eight, to watch the market during the next year, and to see where the fault lay, and really to watch the shippers and see that the growers were getting a fair deal from the shippers. I happened to be the chairman of that committee, and watched the thing pretty closely during the year. About the middle of September we were advised that the market was in a deplorable state; that prices had gone down to a ruinously low level and everything was on a consignment basis; everything was being marketed on a consignment basis. Well, we had an understanding with the shippers early in the season that they would do everything they could to prevent this consignment business, and every step was taken to market the fruit on an f.o.b. basis.

When this serious state of affairs became known in September—and I might say that the banking interests were considerably perturbed over this as they had very large advances out to the growers, and we had meetings with them, and with the business interests, and we were urged by the growers to go out through the prairie markets and find out what the condition of affairs was. General Harmon and myself, two growers, went out on the prairies and spent about two weeks investigating things for ourselves. We visited Calgary and motored from Calgary about 80 miles north towards Edmonton, visited the country points, and saw the farmers and the retail stores. We visited Edmonton and Saskatoon and Winnipeg, and what we did during this period was to visit as many as we could of the retail stores and find out what the prices of fruit were, and what the consumers were paying, and what the retailers paid for fruit from the shippers, and if we were in doubt as to any price, we got them to produce their books. I have a great many notes here on prices, and we also found out from the shippers what they had paid for the fruit from the jobbers. It was quite evident to us from the time we started investigating in Calgary that the market was in a most deplorable condition. The fruit was being sold at a price greatly under the cost of production. In a great many cases we found that fruit was being sold at a price that would not pay for the cost of packing and transportation. We found in a great many cases the growers would be called upon to pay anything from 10 to 20 cents, "red ink" for the privilege of shipping this fruit.

By Mr. Caldwell:

Q. Do you mean by "red ink" on the wrong side of the ledger?—A. Yes. The price fruit was selling at did not pay for the cost of packing it and shipping it. Over and above giving away the fruit we had to give away some money for the privilege of shipping it.

The one thing that struck us particularly after we recovered from the shock of the low prices was that there was a great deal of fruit being shipped direct

by growers to the retailers, and all this fruit was being shipped direct on consignment, direct by the growers.

By the Chairman:

Q. Did you investigate what the consumer was paying for it?—A. Yes.

Q. You are going to touch upon that?—A. I happen to have my notes here taken at the time, but they are not in shape to give you in any form, but when we make out our brief I can give you this in the detail.

Q. But just as we pass—to what extent, if any, was the consumer getting the benefit of the low prices?—A. The consumer was getting the fruit at an extraordinary low price.

By Mr. Sales:

Q. In some places.—A. At the points we covered from the end of September until about the 10th of October. That was the time we were out there to see for ourselves. We interviewed a number of farmers and farmers' wives, and everybody agreed that they were getting the fruit at a price they never dreamed they could get it for. The general comment was "we are getting fruit cheap, but we do not know what you are getting out of it."

By Mr. Sinclair:

Q. Did that apply particularly to apples?—A. No, it did not apply particularly to apples. Prunes, and apples, and pears—it did not apply quite so much to pears. Every type of fruit was selling at an extremely low price. For instance, I might mention prunes, because there were lots of prunes in the market at that time. They were selling at 50 cents a crate, and the f.o.b. price was 75 cents Okanagan. They should have been selling around $1.10.

Q. What was the condition of the fruit?—A. It was in excellent condition.

By Mr. Sales:

Q. Is there not some business done by ordering direct by the merchant from you at a price you ask early in the season?—A. You mean mail orders?

Q. No. A man wants a carload and he orders it in advance.—A. I will deal with that a little later.

Q. Why I wanted to bring that point now is the awkward position in which the merchant of this kind finds himself when he has to compete with something that is sent on consignment.—A. I will explain that to you now. I will go back to where I left off and follow on with that matter.

As a result of our investigation, we came to the conclusion that the retailers and the wholesalers were losing money. There was no possible question but that the retailers and wholesalers were losing money at that time, and for this reason, that the wholesalers had made contracts early in the season for fruit at a certain price, at a price we found was a particularly low price. It was a very low price. They had no conception that prices would drop to the level they did. They in turn sold to retailers, and the retailers got, if I may say "badly stung". They bought supplies, and the prices dropped, and the retailers were left with the fruit at a 25 or 50 cents higher price than they could sell it for.

To give you one example of what has happened. At the city market I remember one particular lot of pears which attracted my attention, as being a large pear grower. They were beautiful fruit. We inquired of the owner what he paid for this fruit, and what he was selling it at. He told us that he had bought 200 boxes—I am not sure whether it was 100 or 200, but, anyway, he bought a quantity of this fruit the previous day at $2 a box. In the afternoon he bought some more at $1.75. The market had dropped since morning 25 cents a box. And we saw that fruit being sold the next morning for $1 retail.

That was the retail price, $1 a box, for fruit which had cost $2 a box to the retailer the day before.

By the Chairman:

Q. How many in the box, Mr. Taylor?—A. About 125—I do not remember the size, but it would be around that.

By Mr. Sales:

Q. That might arise at points like Calgary or Regina, but it would not happen in the middle west?—A. We found the same thing in the country points. We had most bitter complaints from the retailers. In fact, I guess every retailer wished he could get out of the selling of fruits. They said they could not do that, because the customers wanted it, but that they would lose money, and wished that they did not have to handle the fruit.

That applied to co-operative stores just the same as the other retailers.

To give you an example of one country store north of Calgary. I do not recollect the name of the town, but we went into a country store kept by a Chinaman, and we saw a lot of fruit. We asked him where he got that fruit, and he said said " him all got fruit; I buy him all that fruit; him buy fruit," and we saw another lot standing down by the window, with a grower's name, or the shipper's name, and we questioned him about that fruit, and he said, " him send me that fruit". We asked " what do you mean"? and he said " he consigned me that fruit". We said, " what do you do with that fruit?", and he said " I sell him all my fruit first". He had bought his own fruit, and this other had come in my consignment. He said " I sell him all my first, then I sell him fruit". We said " what will the grower get for that fruit," and he said " I do not know what grower him get for him fruit". Perhaps he got something, and perhaps he got nothing.

There was the case of a grower shipping on consignment to a Chinaman. I might mention in connection with berries. We saw the manager of one of the largest chain of grocery stores in Calgary, and he told us what happened in connection with strawberries. He bought his strawberries from a regular organization at a mixed price early, and he had them bought for the following day. He went down in the morning to open up his store and he found 800 crates of strawberries on consignment he did not know anything about. All he could do was to hand them over to a jobber and sell them on consignment, and naturally the grower did not like that.

By the Chairman:

Q. May I interject a question here? Are you not describing to us a particular situation, a peculiar situation rather than a general situation?—A. I am telling you, sir, this to lead up to what we have done to correct that situation, and I will point out the disabilities under which we are labouring apart from these internal troubles.

By Mr. Sales:

Q. Does this condition which you are describing apply to last year only, or year after year?—A. It applies to last season, and to quite a large extent to the year before.

Q. We paid $4 a box for apples the year before.—A. We did not see that.

By Mr. Milne:

Q. In making inquiries did you come into Manitoba?—A. Only to Winnipeg. I might say that the highest price we saw apples selling at in any store—we went into five hundred or a thousand of them—was $2.75 per box. That was the highest price we saw apples retailing at that time, $2.75 a box. I have got

the figures I can show you, of quotations in every store we went into. I will not deal any more with that situation, but I will pass on now with what we have done, and what we want to do. When we got back, General Harman and I visited the fruit centres and held some thirty meetings and put up to the growers the marketing situations as we saw it.

We did not suggest the remedies. We were not out for any one particular organization against another. We were absolutely impartial We told the growers exactly what the situation was as regards the market. The outcome of that was that after we had been around the province a convention was called of the fruit growers to see what could be done to remedy our internal troubles, and it was decided that the only hope was to stop internal competition and have our marketing done under some system of control. At that convention a committee was appointed with instructions to organize the independent shipping houses, apart from the one co-operative organization—to organize all these so that the marketing could be done under one central control. They were also instructed to bring in a report within three months for a system of true-co-operative marketing to be applicable for 1924; it was not thought at that time it could be done for 1923. Shortly after that meeting, I think it was the next week, Dr. Macklin, a farming co-operative export from Wisconsin, happened to be passing through and we had the benefit of his advice on this question.

By the Chairman:

Q. What is his full name and address?—A. Dr. Macklin; I think it is University, Wisconsin. Is that right, Dr. Tolmie?

Hon. Dr. TOLMIE: I could not tell you exactly.

The CHAIRMAN: The officials in the Department will know.

The WITNESS: Dr. Macklin met our committee and went into the scheme as we proposed it and told us that it was absolutely unsound, that you could not combine a business organization—I mean an independent shipping firm—with the co-operatives; that that was fundamentally wrong. As Mr. Sapiro later described it, a lion may lie down with a lamb but the lamb will always end up inside the lion in any business of this kind.

By the Chairman:

Q. Which would be the lion and which the lamb?—A. I think we are the lambs all right.

Q. The co-operatives?—A. The growers. The following week or two weeks Mr. Sapiro, Mr. Aaron Sapiro, a co-operative expert from California was got in. Mr. Sapiro met our committee and he bore out what Dr. Macklin had said, that this principle of controlled marketing was absolutely unsound, and that there was no reason whatever that we should not have one co-operative organization working this year. He held some four meetings. He held a meeting for the business people of Vancouver first of all, which I had the pleasure of hearing. He pointed out to the business people of Vancouver that their success depended on the farming interests; that they could not succeed as business men in Vancouver unless they got behind the farmers to the very limit. He attributed their success to the co-operative organization of California, to the fact that the business people were behind them, and that until that happened they had failed; for 12 years they had failed more or less by not having the business people behind them. And he impressed the business people of Vancouver, as I will tell you in a minute. He held four meetings in the Okanagan, and had as many as 800 at a meeting, and very much impressed the growers. The committee then decided that they would proceed on the co-operative marketing plan, and to cut a long story short, another convention was held and this new

co-operative marketing plan was put before the growers. We met for three days. There was a delegation of six business men from Vancouver; they attended this convention on behalf of the Vancouver Board of Trade. They stayed through the convention and when the whole thing was thoroughly discussed, plans were put before the convention. They held a meeting amongst themselves, and came back to our convention and announced that they so much believed in this system of co-operative marketing that they would guarantee to take up or sell $500,000 worth of bonds and to assist us in financing our organization. They have come through with half a million dollars to assist us in taking over the buildings which belonged to the independent shipping houses.

By the Chairman:

Q. Did they implement that undertaking?—A. They did, on one main condition, that we have 85 per cent of our tonnage signed up on five year contracts. That was very important; it is the basis of the co-operative scheme.

By Mr. Caldwell:

Q. That is, that your growers agreed to put 85 per cent of their tonnage through the co-operative?—A. Yes. The committee then got out of a form of contract of which I have a copy here.

By the Chairman:

Q. Will you please file a copy with the committee?—A. Yes, sir. We had a campaign a week before I left the Okanagan. I might say that this co-operative organization was not to be put through unless we got 80 per cent signed up before a certain day. When I left a week ago last Saturday, the committee announced that they had the 80 per cent signed up; they got that within a week, and with the absentee owners whom we could not get to sign, but whom we know will sign, we have 92 per cent of our total crop signed up under this one co-operative organization.

By Mr. Caldwell:

Q. What method did they take to get them signed up; it was certainly some accomplishment?—A. What we did was, we had a local committee in each district, a strong committee. They had sub-committees divide up their individual districts into small areas and make a hurricane campaign; they visited every grower, got after every single man.

By Mr. Caldwell:

Q. House to house canvass?—A. Yes.

By Mr. Sales:

Q. Is every contract duly witnessed and signed?—A. Yes; it is duly signed and witnessed—a legal document absolutely—absolutely binding on all growers to market through this organization, provided 80 per cent were signed up.

By Mr. Caldwell:

Q. And if 80 per cent were not signed up?—A. They would be torn up.

By Mr. Sales:

Q. And the cost of doing this was—?—A. Nothing.

By Mr. Caldwell:

Q. Done voluntarily by the members of your organization?—A. Yes, absolutely. That brings us to the point that we are trying to help ourselves in solving our internal problems—of competition amongst ourselves. I would like

to deal now with some of the other phases which affect our industry. I have shown you how we have tried to help ourselves. We have great hopes, with the elimination of our internal competition, that we shall make progress. I would like to point a few things that will help us to do that.

By the Chairman:

Q. Before you pass to that feature of the case, Mr. Taylor, would you mind telling us just how this great co-operative organization will market the goods when it gets into operation?—A. I cannot tell you definitely, because the policy cannot be decided until we have our permanent Board of Directors which will be elected very shortly. At present we have only a temporary committee. I am not on that committee and although they are working on the details of the scheme, I cannot give you any information on that at the moment, but it will be available to you a little later on.

Q. Perhaps you could just approximate what the idea is in this connection? —A. Well, as far as I know, one of the points Mr. Sapiro emphasizes is, setting the price of our product to the consumer instead of setting it at the point of production—setting the prices or naming the prices to the consumer. What we feel is that the people on the prairies have to pay too much for the fruit in proportion to what we get for it. There is no doubt on that. I do not know what the situation was last year, but in previous years the spread has been too big. We think that there is no possible doubt that the consumer can get his fruit cheaper and that we can get more for it. We believe that this spread can be reduced by naming the price to the consumer, at the consumer's end. The consumer cannot then be held up in the way he has been, I think, in the past.

By Mr. Caldwell:

Q. Do you propose to set the scale of prices for the different handlers?—A. Unfortunately we cannot set anything really; the prices that we quote have to be comparative prices; we have to compete with the United States, and, in our case, with Ontario. We have no control over the railway rates, unfortunately.

Q. But I mean the profits to jobbers and retailers. A. Oh, yes; most certainly.

By Mr. Sales:

Q. Will you attempt, Mr. Taylor, to make zones? That is, if Saskatchewan is enjoying a sixty cent rate, will that be the full price for apples at all points? A. I would not like to say, because I do not know what has been arranged; I could not really say anything on that.

By the Chairman:

Q. I am not quite so interested in that phase of it, Mr. Taylor, though it is interesting; but how will this co-operative organization be run?—Will you have a board of directors and a general manager?—A. The proposed arrangement is that there shall be eighteen directors, representing every section of the province. Those eighteen directors will be elected by their respective districts. The districts will be divided up into a number of locals and each local will have an elector. Say, there are five locals in one district, that district will have five electors and those five electors will get together and elect a director for the Central. There are to be eighteen directors on the Central; and I may say that we have provided for one director representing the business interests. The proposition was that one director be elected by the Boards of Trade of British Columbia.

By the Chairman:

Q. Just to make my point clear, in reading what Mr. Sapiro said at some meetings in Ontario, I learned that under their organization in California they

would find out if there was a glut of fruit in one city and then they would send no more to that city for a while; that they would find a scarcity in another city and would direct shipments in that direction. Do you contemplate doing that? And if so, what machinery do you contemplate providing? I know you are speaking approximately, because your plans are not yet fully matured.—A. That is one of our most important problems, the proper control of distribution. That is where we failed when we had thirty-seven houses shipping fruit, none of them knowing where the rest were shipping to, and one of the main features of our proposed board of control is to have the control of this distribution so that there would be no glut on the market; it would be one of the most important things that the co-operative organization will bring about. It is provided that the eighteen directors at the head of the organization shall have an executive of three, at any rate, to start with. There will be a very large amount of work to do and there will be three on the executive who will be whole-time men, who will have to be paid for their services, and who will devote their time to directing the organization. There will be a general manager—responsible, directly, to the directors and officials right through.

By Mr. Tolmie:

Q. What penalty do you impose in the event of a man's not staying by his contract—A. The contract is very drastic; would you like me to read the clause relating to that?

The CHAIRMAN: Yes, please.

The WITNESS: It is a rather long contract.

The CHAIRMAN: I am going to ask you to file a copy of that contract; but, just in answer to the question of the member of the committee, please read the clause that applies.

The WITNESS: There are two clauses here dealing with that. (Reads):

> "16. Inasmuch as it is now and always will be impracticable and extremely difficult to determine the actual damage resulting to the Local and the Co-operative should the Grower fail so to deliver his fruits and vegetables, the Grower hereby agrees to pay to the Local as liquidated damages for the breach of this contract, and not as a penalty, for all fruits and vegetables withheld, delivered, sold, consigned, or marketed by, or for him other than in accordance with the terms hereof, twenty-five cents per package of all fruits and fifteen cents per crate, sack, or other package of vegetables. All parties agree that this contract is one of the series dependent for its true value upon the adherence of each and all of the Growers to each and all of the said contracts."
>
> "17. The Grower agrees that in the event of a breach or threatened breach by him of any provision regarding delivery of fruits or vegetables, the Local shall be entitled to an injunction to prevent breach or further breach hereof, and to a decree for specific performance hereof according to the terms of this agreement, and the parties agree that this is not a contract for personal services or demanding exceptional capacity or talents and will be the proper subject for the remedy of specific performance in the event of a breach or threatened breach hereof."

(Membership Contract Agreement produced as Exhibit No. 2). (Printed as appendix).

The WITNESS: I have dealt with what we are doing to help ourselves, and I would like to deal with a few matters which are required to improve conditions.

APPENDIX No. 3

By Mr. Gardiner:

Q. You made the statement a few moments ago that you would name the price the consumer would have to pay for his fruits? Can you tell the committee how you propose to arrive at that price?—A. Naturally the first consideration is the competitive prices. What we claim is that we are entitled to the cost of production. We can give you figures showing what the cost of production is, which we will file later on. We claim that we are entitled at least to the cost of production. We take the cost of production and a fair profit, and put on the freight and the wholesalers' profit. That will give the price at which you should be able to have a profit.

By Mr. Sales:

Q. What is your idea of a fair profit?—A. That is rather difficult to say, but if I could get 10 cents or 20 cents a box for the average, I would be pleased. If I could get a guarantee of the average cost of production, I would be very pleased to make a contract to sell my fruit for five years at the average cost of production.

Q. You include your own labour?—A. Yes.

Q. And the interest on your money?—A. Yes.

Q. You include these in the cost of production?—A. Yes.

Q. And then you expect 15 or 20 cents a box over and above that?—A. In figuring out the cost of production the Government does not consider the man's wages, that is, it does not consider any salary for the owner except for the number of hours he actually works at the current rate of wages. That is the way it is figured out by the Government, and also by the University in making their investigation.

By the Chairman:

Q. Where was that investigation, in British Columbia?—A. In British Columbia, yes. It has been held in Washington as well.

Q. Tell us about that investigation, it might be interesting to get a copy of that report?—A. It was made by the university under the agricultural extension grant, I think. Is that it, Doctor Tolmie?

Hon. Mr. TOLMIE: Under the aid to agriculture.

The WITNESS: They have an expert working under that Act, and the fund is provided by that Act to investigate the cost of production of various farm products. They have investigated the cost of producing apples two years ago, and last year they held an investigation as to the yields for the different varieties. They have made investigations as to the cost of growing strawberries, the report of which has just come out; and they have made other investigations as regards other lines of agriculture.

By Mr. Gardiner:

Q. Can you tell the Committee to what extent in your opinion, speculative land values enter into the cost of production?—A. It depends on what those investigators take as a fair value. They did not take the cost of the land; they took a fair valuation of the land at the time. They did not take what we paid for the land ten years ago. It would make a great difference. They take the actual fair value of the land.

By Mr. Sales:

Q. What it could be sold for?—A. Yes, what it could be sold for.

Q. Can you tell me how many boxes the average man would produce in a year?—A. I have a bulletin here of this investigation which has just been got

out. Here is table No. 7, made by Mr. Middleton. It is the Agricultural Department's Bulletin No. 90, B.C. The table shows the total returns per tree for an eight-year period, of trees from five to twelve years of age inclusive. I may say that this investigation was taken to cover representative farms where figures were available and as far as possible to give a fair average. Perhaps I had better refer to table No. 6. This shows the total returns per tree for a four-year period of trees from five to eight years of age. They vary from the Northern Spy, at the bottom of the list, with ·51 to 7·49 boxes at the top of list for Ben Davis.

By the Chairman:

Q. These trees would hardly be in bearing?—A. Hardly in bearing. I will give the next one. This shows the total returns per tree for a ten-year period of trees from five to fourteen years of age inclusive. That is for a ten-year period. The highest is the McIntosh with 41·1 boxes. That is for a ten-year period. The Cox Orange yield for that ten-year period is 19·3 boxes.

By Mr. Sales:

Q. Can you give us the number of trees on the average farm?—A. The average trees per acre run, I think, about 68.

Q. How many acres are there in the average farm?—A. I would think from 10 to 15 acres is an average farm.

By Mr. Robinson:

Q. Surely not 68 trees to the acre?—A. Sixty-eight trees to the acre. If you take a farm 20 by 20, you would have 108, with fillers, but the average, I think, is 68. I think the Government figures on 68 for taxation purposes.

By Mr. Hammell:

Q. How close are they planted, what is the space?—A. Sixty-eight trees to the acre would give you—

By Mr. Robinson:

Q. Take it at 30 feet apart?—A. That would give you 48 trees. Sixty-eight is the average for 25 by 25, roughly.

By Hon. Mr. Sinclair:

Q. So far as the averages for a ten-year period are concerned, is that a yearly average, or for the whole period?—A. The total I gave you was for the period of years, divide it by ten and you get the annual average. I would rather not deal with those figures. In our brief we will give you full particulars of the yields and returns, and everything you want.

By Mr. Sales:

Q. What we are trying to get at is the estimate of what would be a fair profit?—A. I would rather not deal with that, because I have only those yields to go on, and I do not want to make statements or give figures without having all the facts with me. I am pleased to answer questions, but I do not want to tie myself down to figures just now. I will guarantee that you will get them.

By Mr. Caldwell:

Q. Did you say that the average for the ten-year period was an average of 41 boxes?—A. No, four boxes per tree yearly. That average of four boxes per tree, as far as I remember, is about the same average as in Washington. That is our highest yield. There are averages lower than that.

By Hon. Mr. Tolmie:

Q. Would you be satisfied to take 60 cents per box?—A. No, because it takes more than 60 cents to produce.

Q. What would you call a fair price?

By the Chairman:

Q. Just give us your own idea?

WITNESS: I was just going to give the exact figure. I think the figure on these two surveys was 83 cents per box, for an unpacked box, to produce.

By Hon. Mr. Tolmie:

Q. What does it cost you to pack?—A. That is, picked and delivered at the packing house. Last year we contracted at 60 cents a box for packing and marketing.

By Hon. Mr. Sinclair:

Q. Do you furnish the boxes?—A. The box comes out at 60 cents.

By the Chairman:

Q. Doctor Tolmie asked whether 60 cents a box would pay you, and you said no. Does that mean 60 cents for the number of apples that go into a box?—A. No, 83 cents is the cost of producing.

Q. Would it cost you 83 cents to grow them?—A. Yes.

Q. To bring them to the packing house?—A. Yes.

By Mr. Caldwell:

Q. Just there, there is a point on which I want to get information. For instance, how do you figure the cost of production in the case, say, of a man with a young orchard that has just come into bearing two or three years?— His cost of production would be much higher than that of the man who has an old orchard.—A. That is dealt with in the different tables of those surveys, and when we file our brief, we will give you that in the greatest detail. We have got figures on that, and we can also quote the figures from Washington and Oregon, and possibly some other points.

By Hon. Mr. Tolmie:

Q. It will cost you $1.43 to market?—A. That is about it.

Q. What does it cost for irrigation and spraying?—A. I have all that in detail. Irrigation is one of our large factors. We are paying in the average about $14 an acre for irrigation water, and we are paying as high as $17 or $17.50 an acre for irrigation.

Q. Do you get all the water you want every year? Are you sure of getting a sufficient quantity?—A. Well, reasonably. The system on which we are working in those irrigation districts, is that the cost has been estimated for all the work necessary for thirty years; it is spread over a period of thirty years, and I think we may be paying $16 this year for water. That will not represent the actual money spent; there will be a big expenditure in three years' time.

By the Chairman:

Q. The cost of irrigation comes into the 83 cents?—A. Yes, sir.

By Mr. Milne:

Q. You mentioned 60 cents; how far does that take the fruit to the consumer?—A. As far as the packing house.

By Mr. Hammell:

Q. What about the 60 cents?—A. The 60 cents puts it on the railway.

By Mr. Caldwell:

Q. Furnishes the packing, and so on?—A. Yes, and does the marketing so far as the shipper is concerned, and provides his profit. That gives you the F.O.B. price.

By the Chairman:

Q. Pardon my interrupting you, Mr. Taylor, but does that give the packing, including the wrapping of the fruit?—A. Yes, sir. Now I will just give you a few items which will improve our conditions. Lowering the cost of production is one of the items which we are paying great attention to ourselves, and in this connection we are looking to the Dominion Government for considerable assistance in carrying out experiments and investigation work, especially at the experimental farms. We have an experimental farm at Summerland, which is doing very valuable work indeed for the fruit growers, and we cannot speak too highly of the work that has been carried on, and is being carried on at the present time in the interests of the fruit growing industry, and we hope they will be amply provided with funds to carry on the very necessary work that is waiting at the present time. In the line of production, the reduction of orchard costs, they have done a considerable amount of that already, and are continuing.

By the Chairman:

Q. What do you mean by the reduction of orchard costs?—A. Actual operations; we have found that by cutting out a good deal of our cultivation—we used to practise entirely clean cultivation, but it has been demonstrated to us by the experimental farms that by growing certain crops, such as alfalfa, we can very considerably reduce our annual expenses, and also improve the fertility of the soil.

Q. Let me project here a question to you, as a grower, which is of interest to us in Eastern Canada. Some people say that you will get a finer flavoured apple grown on sod, others say you should cultivate, what do you think about it? —A. I think you certainly get a better colour on sod, and possibly a better flavour; I do not like to discuss that, I think it is very much a matter of opinion.

By Mr. Caldwell:

Q. Do you find that your trees thrive as well on sod?—A. I think, under the methods they have adopted in Washington, they do; they will grow alfalfa almost entirely as a permanent covering crop, and allow it to silt down and form a covering on top of the soil.

Q. They do not harvest it at all?—A. No. You cannot take a crop of hay and a crop of apples off the same land.

Q. Will they leave that permanently in alfalfa?—A. Yes.

Q. Not plough it at all?—A. No.

Q. After the trees are what age?—A. They found in Washington that for the first two years the alfalfa has a bad effect on the trees, and in overcoming that they use about 200 pounds of nitrate of soda, to supply what the young alfalfa is taking out, until the roots get away down below the feeding roots of the trees, and that is about two years.

Q. Will alfalfa roots not go as deep as the roots of the trees?—A. Dr. Tolmie will tell you that they go down 300 feet. Another of our serious problems is the eradication of pests. The more we have, the greater is our cost of production, and naturally, as we get in a larger way of business, these pests tend to increase, and new pests come in. We in British Columbia are fighting

very hard against these pests; the spraying is a very serious matter in our expenses. We have compulsory spraying out there, for various insect pests, and we are doing everything we can to try and eradicate them and keep up our high standard of quality. There are some matters in connection with spraying that need very serious investigation by the Government. There are certain sprays, such as the oil sprays, which can only be used to combat some of these pests, and there is a great difference of opinion as to the application of these oil sprays, and it is a matter which requires very careful investigation work on the part of the Government.

Q. That is a spray which kills by contact?—A. Yes, oil is the only thing that will do it, as far as we know. Then the fire blight is also a very serious matter. While that has not wiped out our pear industry, it has wiped out a very large acreage of our pear trees, and has been serious on the apples, and we induced the Government to put in a man at Summerland to investigate that last year. He has done very good work, but is not employing his whole time on it, and we think too much cannot be done to help us control that. Then we have another very serious problem which has troubled us greatly this year. It is not a new one, but we have had a bad falling down in our Jonathan apples. I might say that we have not had it as bad as in other places, it has been perhaps worse in Washington, and it has been bad in New Zealand and Australia. It is a very serious matter, and we would urge that every endeavour be made by the Government to do everything possible to find out the cause of this trouble; it is a physiological trouble, the breaking down of the apple after it has been picked and packed. A brown rot sets in in the interior of the apple: you cannot see it from the outside, it does not show at all when the apple is packed, but it shows after it arrives at its destination, and it has been most serious this year.

Q. Was this not always true of this type of apple?—A. We have had it, to my knowledge, for about twelve years, more or less, but it seems to have got worse and worse in the last three years, and it is a most serious thing, because about one-third of our production is Jonathan apples—no, hardly a third, about 30 per cent.

By Mr. Sales:

Q. Is that supposed to be a winter variety?—A. Yes, a keeping variety.

Q. It is not very safe for the consumer to buy a very large quantity of them?—A. We think we know partly what the trouble is, in picking it too late, but it is a matter which requires most careful investigation, and we would urge that this matter be given particular attention by the Government during the coming year. I believe some provision is being made at Summerland, but we would urge that the very greatest possible amount of work be done on it during this coming year.

By the Chairman:

Q. Mr. Taylor, what are the sorts of apples that you produce in large proportions?—A. One variety which we consider we produce better than any other part of the world is the Macintosh, and Wealthies, both in large quantities, the Jonathan in very large quantities, and then the later varieties like Spies and Spitzenbergs and Wine Saps.

By Mr. Sales:

Q. You have not mentioned your best apples yet, the Delicious?—A. Oh, yes, the Delicious.

By Hon. Mr. Tolmie:

Q. Can you put out as good a quality of Wine Sap as Washington?—A. I do not think so, although I believe in some part of the Okanagan, where they have government irrigation they can produce good Wine Saps, but it is limited.

Q. Have you found this disease that you speak of as affecting the Jonathans also affecting the Delicious at all?—A. I will not say it is not in other varieties as well as the Jonathans, I think possibly it occurred in some Delicious apples this year, and in almost all to a certain extent, but nothing like what it did in the Jonathan; there it is wholesale.

Q. Are you having any trouble with Water core?—A. Yes.

Q. To what do you attribute that?—A. No one knows, we have no theories on the subject.

By Mr. Sales:

Q. Is your Delicious a free-bearing apple?—A. I would not say so, I would say medium. It is the highest priced apple anywhere on the continent.

By Hon. Mr. Tolmie:

Q. Have you tried the Yellow Delicious?—A. A few trees.

Q. How does it do?—A. I would not like to say; I have never eaten it, and I would not say whether it is as good quality; I would not fancy it is. Then another matter is the keeping of the quality of apples in storage. That needs careful investigation, and I believe the Government is making experiments on the keeping of apples in storage at Summerland during the coming year. That is a very important matter, because our storage is a thing we have to pay particular attention to, so as to not flood the country with apples at the wrong season, and there are many problems in that connection which need very careful investigation.

By Mr. Caldwell:

Q. Such as pre-cooling?—A. Yes.

By the Chairman:

Q. What does that mean?—A. It means taking the fruit when it is packed and warm, and putting it into a chamber and reducing the heat, putting it through a cold chamber and reducing the heat. It stops the ripening of the fruit by reducing the temperature.

Supposing a peach is put into a box warm, it will go on ripening quickly; if it is put into a cooling chamber it will stop ripening and so carry to its destination, and when opened up will go on ripening afterwards.

Q. Even if it is carried in a car other than a refrigerator car?—A. Even then, unless it has the heat taken out of it as soon as possible it will continue ripening and not carry as well.

Q. By pre-cooling it you put it in a condition where it will carry better?—A. Yes, and that is most important.

By Mr. Sutherland:

Q. Do the dealers at the present time have any warehouses or storage plants for the fruit?—A. We have only common storage; we have a certain amount of that, but the question of cold storage is a very live one with us, and we shall have to provide for cold storage right away. It is a particularly important matter, the question of cold storage. I have dealt with some of the growing problems; then there are problems in connection with packing and handling, the high cost of material, of course, enters very largely into the question of the cost packing.

By the Chairman:

Q. What are the materials used for packing?—A. The main material, of course, is our boxes; it depends, of course, on the price of lumber. We are afraid that the price may be higher this year than last, in regard to boxes. Last year we paid 15½ cents per box, and at the end of the season they had gone up to 18 cents or higher, and there is not much chance of getting them reduced this year, I think, under present conditions. Labour has been a particularly big factor in keeping up the cost of packing and selling, and we are hoping that with a reduction in internal competition in packing houses, we shall be able to better regulate the cost of labour. That is, under the old arrangement we had 37 houses competing for the labour, and one man would pay a little more than the other fellow, and so on.

By Mr. Caldwell:

Q. Just a question there. Would you think 45 cents an excessive cost for placing these apples in the box?—A. Certainly it is.

Q. Can you not cut that cost down, by reducing the cost of packing?—A. We have great hope of that.

By the Chairman:

Q. Why could you not do your own packing?—A. It is all done now in the one organization.

By Mr. Caldwell:

Q. Is it not a greater job to hand-pick them than to place them in the box? —A. Yes, and yet the man who packs them get $6 or $7 a day and even higher than that, some of them.

By the Chairman:

Q. I suppose these are problems which affect every industry?—A. Yes, naturally. The sales tax is another item; Mr. Bulman will deal with that, I think. With regard to the cost of marketing, this co-operative scheme will, I hope, have the effect of reducing the cost of marketing, and we shall get a better distribution of our fruit, and there will be a reduction in internal competition, which will help reduce the cost.

By Mr. Sales:

Q. Another question. Does the company propose to do their own banking? —A. Yes, by co-operative loans entirely. Now, the question of transportation is one of the most serious problems, and Mr. Bulman will follow with that, I would not go into the details of transportation, but the cost of transportation we consider, of course, is too high, and we are labouring under disabilities.

By Mr. Caldwell:

Q. That is, you maintain the freight rates are too high?—A. Yes, the freight rates are too high. Another matter I would like to say a word about is the Dumping Act. It is absolutely essential for the success of this industry that we have protection under the Dumping Act. I know it is not a very popular subject to very many people.

By Mr. Sales:

Q. Will you enlarge for a moment, Mr. Taylor, on that, and tell us what you mean?—A. I will tell you what we have been up against. It was particularly noticeable in 1912 to 1914. The United States, to the South of us, had a very

large crop of boxed apples. And they produced last year probably 40,000 cars of apples against our 3,600. They have long hauls on their fruit and they depend to make their money out of their better grade of apples, and they make specialities of their good grades of boxed apples, and what has happened in the past years, before we had the necessary protection, was that they dumped over their low grade of apples into Canada, their " C " grade of apples at ridiculously low cost. In many cases the cost did not cover the cost of putting them up and transportation, and by doing that they would relieve their own market from that competition on their own low grade fruit, and Canada was used as a dumping ground, and would be now if they got a chance, for all their low-grade fruit. We are not afraid of any competition whatsoever of high grade fruit, but we cannot compete with dumped fruit from anywhere.

Q. Is it necessary to go back from 1912 to 1914?—A. No, not at all, but I mention those years as being the most disastrous years for our industry, when apples were brought into Canada for about 40 cents a box.

Q. And how do you expect to apply the Dumping Act?—A. All that we ask is the carrying out of the Dumping Act so we shall be protected against dumping. That is to say, bringing in of fruit at less than the cost of production during the time our fruit is available. We do not wish to stop them from bringing in all the fruit they like for nothing at any other time of the year. We are not trying to prevent them bringing in cheap fruit, as cheap as they like, when we have no fruit available, but we cannot stand against the competition of fruit coming in at less than the cost of production.

By Mr. Caldwell:

Q. What portion of the year would your fruit be available—what month? —A. The first competition we get is in berries. Berries were brought in last year, I think it was from Mississippi, toward the close of their season when they were slumping off on their price, and when our strawberries were just starting, they were brought in at a ridiculous price last year. Then, after the strawberries, you get the soft fruit. To the South of us, in Washington, they are about two weeks ahead of our market, and they have two weeks of the good early market, before our fruit starts, and we come in on the tail end of their market, with a great deal of our stuff.

By the Chairman:

Q. Chiefly your complaint is against Providence, in many cases?—A. No, we are not complaining about where we are growing the stuff, but we do not think it is fair to bring in stuff at less than the cost of production.

By Mr. Sales:

Q. Do you expect the prairies will absorb your entire crop?—A. No, by no means.

Q. What do you propose to do with the remainder?—A. We export a very large quantity of fruit; we export quite a lot of fruit to the United States. The year before last, we exported over 800 cars to the United States; last year we exported several hundred cars to the United States. We export a large quantity of fruit to Great Britain, Australia, China, Norway and South Africa.

Q. As to fruit you export to Great Britain—what is the price of that?—A. The price of it?

Q. Yes.—A. Up to last year I show in a brief I have here our prices on export fruit was considerably higher than the price we got in Canada.

Q. Last year they were lower?—A. Last year, at the commencement, our prices were considerably better in Great Britain, and very much better in the United States.

Q. That is, this; you intend to charge the home consumer on the basis of fair cost of production—or the cost of production plus a fair profit?—A. Yes.

Q. You intend to take competitive prices for the balance rather than this last proposition, do you not?—A. No, sir.

Q. What will you do with it?—A. We cannot name any price. We have no monopoly in this business; it is absolutely impossible to create a monopoly in a perishable article. It is impossible.

Q. You are going to dump into the Old Country, or somewhere else, over the requirements of the home market?—A. We do not hope to dump anything.

The CHAIRMAN: They will have to take the market price.

Mr. SALES: They surely will.

The WITNESS: You take the fixation of prices this year. When we arranged the opening price this spring, we had a meeting with shippers on the prairies, and found out their idea of the value of fruit during the coming year, and we know the conditions of the prairies were very bad, as far as their buying power was concerned. We took all that into consideration, we knew, or we could estimate what our crops would be, and we knew we would have to move a certain amount of stuff, and we decided we could take $1.40 for our early varieties of apples. That was the cost of production. That was the cost we named on the early varieties, a good deal of fruit was sold on this price.

By Mr. Sales:

Q. Is it not a fact that last year you dumped in New York 800 cars at a ruinous price—that is "You dumped" them?—A. No sir, we did not, sir. I beg your pardon. Two years ago when we shipped 800 cars to New York—if I may explain what happened. It transpired that the American market was extremely good for fruit. There was a railway strike pending, and it was pure speculation, but we thought we could get our fruit in there, and they could not get theirs in from Washington, and the chances were in favour of our making a good price on that fruit, but as things turned out, the strike did not come off, and we did not get a good price on that fruit. We did for some, but not all. There was no question of "Dumping" we had to pay the freight and the duty, and it amounted to a considerable sum, but we did not take a chance on "Dumping."

Q. You lost money?—A. We just happened to lose money, but that is our misfortune.

By the Chairman:

Q. That is one of the vicissitudes of business?—A. Certainly.

By Mr. Caldwell:

Q. You said you realized a better price for fruit exported than when you sold in the home market. Does that mean that the price was greater for the same quality of fruit?—A. Oh yes, certainly.

By the Chairman:

Q. We have Mr. Bulman to hear also. I have no desire to hurry you—

The WITNESS: (interposing) I think I have finished, unless you want to ask questions.

The CHAIRMAN: I think we had better ask Mr. Bulman, because we do not want an afternoon's session this afternoon.

Mr. GARDINER: There is one question I would like to ask in regard to the packing.

Q. I understand you expect to get the packing cost reduced. What class of men or employees is usually employed in packing—Chinamen?—A. Would you

mind asking Mr. Bulman that question, because he is a practical packer. I can tell you, but I would prefer to have you ask him.

By Mr. Milne:

Q. About what rate did the production of fruit increase in British Columbia? A. It is increasing considerably. It has not reached its maximum of production by any means.

Q. How much greater is the production now than it was five years ago?—A. Oh, it is—I can give you the figures of that showing the actual production, and the estimated production for the next few years.

(Witness retired.)

THOMAS BULMAN called and sworn.

By the Chairman:

Q. You come from British Columbia, do you not Mr. Bulman?—A. I do.

Q. Do you represent anybody but yourself?—A. I don't think I do. Well, I represent my associates in business, and their shipping houses.

Q. You are a fruit grower?—A. Yes.

Q. And you live where?—A. I live in Kelowna.

By Mr. Caldwell:

Q. And also a shipper?—A. Yes.

Q. An independent shipper?—A. Yes. I am one of those wicked men—the independent shipper.

By the Chairman:

Q. I would ask you whether you prefer to follow the method we followed with Mr. Taylor, namely, to have you make a statement and then question you. —A. I think, if you will permit me, I will make a statement just as briefly as I can, and answer any questions after that that you think advisable to ask me. I do not object if any of the committee men, or any men wish to break in, elucidating some point.

Q. Our time is getting a little short, I would suggest we allow Mr. Bulman to make a statement, take notes of the questions we wish to ask, and question him afterwards. I think we will proceed faster that way.

The WITNESS: I will make my statement very brief.

The CHAIRMAN: Do not hurry yourself Mr. Bulman, there is plenty of time.

The WITNESS: So that those who do not know me will better understand the standpoint from which I speak, I may tell you how I got into the fruit business, briefly. I was not born on the farm, though I am a farmer to-day. I was not brought up on a farm, but I served my apprenticeship in business, in Winnipeg, but I always had a desire to get on the land and when I thought I had sufficient to live independently on the land I went to British Columbia. I took hold of a farm of rather large dimensions for that district, and I found very shortly after I got in, that it was very necessary to do more than produce to be successful on the farm. So I spent about half of my time on the Farmers' Exchange Board. That was one of our early co-operative organizations. We were very successful in that, but in the history of things, and the general change of conditions, we came to more or less grief, and were absorbed in the larger co-operative organization, the Okanagan United Growers. That was a movement of the people, backed by the Provincial Government, financed largely by them. At that

juncture my business instinct did not agree with their methods, and I took exception to their overhead charges, and so forth, and became an independent shipper, only at that time to look after my own crops. I was farming some 3,500 acres, and I am farming that yet. As far as the growing of crops, I found I could make a success of growing both apple crops and live stock, but in selling them, I found it was very much more difficult to get for them what I, as a business man, felt we were entitled to, so I formed the British Columbia Growers, Limited. The manager of the old Farmers' Exchange and I joined forces and we adopted the same charges as the co-operative organization we were mixed up with. I handled my crop and that of one or two of my neighbours, to begin with, and in the last ten years we have grown so we are to-day handling over $1,000,000 of the crops out of the Okanagan Valley, or practically one-quarter of the entire output of the Okanagan.

That was accomplished through efficiency, and I have been very much interested in this movement of the new co-operative, as I feel that is the only possible method that the farmers can use to get a fair proportion of what they are entitled to. It is hoped that this will solve our problems; and it depends a good deal on the asisstance we get both from the Government and the business men of the country. I will not go over the matters that Mr. Taylor has gone over leading to this formation; I will simply state that we feel that by co-operating or working collectively, as we are intending to do, we can bring about a reduction in the cost of getting our stuff ready for the market, work more effectively in getting concessions necessary to its distribution on the market, and by having control of the products, we can make prices that will be known not by a few jobbers but by the consumers generally. We hope then that public opinion will set the rate of profit secured by the jobber and the retailer equal to the service rendered, and not more; in other words, do away largely with the speculative feature of handling our product. Whether this is the result or not remains to be seen, but we have a district there in British Columbia that is producing a very high class article. We have immediately to the east of us a large district which should be a large consuming district. But it is what we call as fruit growers a non-discriminating market. They want a volume of apples at a low price, perfectly good fruit; but they are not prepared to pay fancy prices for fancy apples used for desert purposes, we can meet a better market in the larger cities, from more prosperous citizens who can pay the larger prices. Now, our export market we hope to build up largely by selecting from our crop the very highest class of our apples and demanding an f.o.b. price from Kelowna or other shipping points and let the purchaser in the export markets pay the cost of transportation; the fruit will be that much more expensive to him than what it would be to our closer by-consumers. My firm started with shipping one carload to China. Lately, last year we shipped over twenty carloads. We shipped to Australia, previous to their embargo put on, ostensibly, on account of fire blight in our district, large quantities of apples, of a class that our farmers on the prairies would not accept at any price. They want a small apple, highly coloured, and the prairies do not like small apples; they want large apples, easier to peel and more suitable to their uses. We sent them to Australia and we got for that class of fruit more than we asked our prairie farmers to pay for the largest sized apple. The same apple is being sold by my firm in New Zealand, and we are able to compete successfully and get a nice business from that country. We are also shipping apples to South Africa; the same thing applies there—they prefer the small apples. Unfortunately our field is limited to that country by our transportation facilities; they have to go into cold storage and the firm that can get the cold storage can secure the orders at any price he cares to ask, within reason. We also ship to Scandinavia and Norway and they will take the small apples too. The

same way with Great Britain, but it is an auction market; we cannot do anything else than take chances on the auction; but they do not want the large sized fruit. To Ontario—Toronto and Montreal, we can ship our large sized apples and advertised apples and obtain the same price f.o.b. to us in the Okanagan as Calgary and Edmonton would pay. We get considerable business down here; I think possibly you have all seen our fruit on your fruit stands. New York and Boston also want the larger sized apples; they must be very high class apples, but we get from our New York market a considerably larger price although they are sold on the auction basis, than we have asked our prairie people to pay. We happened to strike it right; it is not always thus; sometimes we have trouble.

Now in regard to this year's export conditions, it is hardly fair to us for Mr. Sales to intimate that we are prepared to take what we can get and be thankful, while we want them to pay the full price.

By the Chairman:

Q. Your contention is that you give them the biggest apples at the smallest price?—A. We give them the biggest apples at the smallest price, as cheap as we can possibly produce them. Over in the Old Country this last year the falling down of the Jonathan apple was a serious problem. Our trade arrangements were made with the consignee; they advanced us $1.75 a box; that was to pay us for the packing and freight to the seaboard. They take the apples and make an adjustment after they sell them. We shipped them in good faith, but many of the Jonathans fell down and the wholesaler purchasing his supply, when he finds that condition in the shipment, that there is some falling down, naturally condemns the whole shipment. Our apples looked right even then, and you had to cut them to see this condition. That made the trade back up and they would not purchase them at any price. My firm had to pay back in a draft, one of several which I remember particularly, $9,899, representing returns on, I do not know how many cars of fruit, nine or ten, I think. That made it that we took for export this year less than what we are trying to sell for in the prairie markets. And if we do not take any more than that, the prairies will not be troubled about our getting protection for our fruit in the United States, because we will not be there any more.

We sympathize with the farmers, and they will have our support in trying to change it. It is physically impossible for a farmer any more than a business man to sell his stuff for less than it cost to produce it. We must get above that, and how to do it is the question.

I went over a few items, and you can ask questions if you wish. To-day in the Okanagan, one of the most serious things that confronts us is the distance that many of our orchards are from shipping points. Years ago we had a branch line of railway proposed and laid out. The right of way was purchased. It has since been fenced off and the grade built. The ties are on the ground, the telegraph poles, and everything, and the Dominion Government has spent $5,250,000 on that grade, and they have waited longer to get it completed than it took to put the C.P.R. through from ocean to ocean, and it is not operating yet. This has caused from my district alone a $25 an acre loss to every one of us who have full bearing orchards. There is something that can be done and be done quickly if the Government in their wisdom will provide $1,200,000, which is all it takes, according to the engineers' report, to complete that road and put it in operation. I am informed by the engineers that it is not practicable to get this done, this 117-mile stretch, this year, because the ties are at Lundy, which is at one end of one of the branches, and they have to get there before they can get the ties out to build the line down to Kelowna, which is the producing centre.

APPENDIX No. 3

I hope to have an argument before the Railway Board, if I am permitted, and to convince them that it is wisdom to pay the C.P.R. possibly six to eight thousand in freight to start the building of that line to several points this summer, and complete it in time for our market this year, and relieve our farmers of any other loss which they will face if it is not built. It will result in a total loss of from $400,000 to $500,000 in that district. It is unfair that farmers should have to accept and take this serious loss for some conditions we cannot understand. It has pretty nearly got us into a position where we feel like getting out of the country. I, as president of the District Association of United Farmers, felt it incumbent upon me to try to do something for them. I was asked to go and see the conditions in the other parts of the valley. I visited different parts, and I found one man, as fine a citizen of Canada as you can get, with all his furniture packed up, and with a little band of cattle outside in the corral. I had got benighted, I had an accident with my automobile, and as a result I had to stay out in the open country all night, went in for breakfast in the morning is how I happened to come across this man. I said "What is the matter?" and he said, "I am sorry. I am packing up, but you are welcome to breakfast." He said, "I am going to leave." And I said, "Where are you going?" and he said, "I do not know where I will go, but I am going to get out of this country." We talked for a while, and I found him sufficiently valuable to hire for work on my own farm, and he is to-day working on my farm, and is willing to stay there at the wages that I am giving him.

I know of another man by the name of Linton, in the Paxton Valley. He worked all winter—I am telling you this so that you may help us to get some redress along these lines quickly, and possibly save for Canada many settlers who will otherwise be discouraged. This man came from New Brunswick, and had served his time on the rivers in Maine, and he moved to British Columbia, and married a British Columbia girl, one of the finest girls you ever saw, and he has seven children. Two of his children are boys, and the other five are girls. The eldest two girls, 11 and 12 years old, cut all the wood for the family that year, so his wife could do the chores, take care of the cattle, and look after the fires, and in general run the household. The husband was thus enabled to get out, and get into the woods and cut the timber and haul it to the mills, to Mr. Smith's mill, which is located some 14 miles from nowhere. He had to cart it 14 miles to Armstrong.

This man was so enthusiastic that he was willing to get up at half-past four in the morning, to go out and get into the woods, and commence his day's work. I found that his clock was wrong, and that instead of getting up at half-past four, he had been getting up at half-past three all winter, and he swamped all of the logs he could out of the bush, and got them out, and worked at that work all winter, and after he got through, I was visiting there, and he said, "I have earned enough money this year to provide food for my family, but I cannot pay my taxes and feed my family, and if I do not pay my taxes, I understand the law is changed, that I will have to pay one per cent per month until I do, and if I do not pay it in a year, they will sell the farm," and I said, "I do not want to see those children starved, do not starve those children, and if any of the Government officials try to sell your farm, you let me know, and we will take it up as a test case, and get reports from the Board of Commerce at Vancouver." There is a condition. We see what is going on. You do not see these things, but I tell you if we are going to succeed in Canada we must solve them, and I was tickled to death when I heard of this Committee; it is the biggest thing that any of you have on your shoulders, to try to solve these problems and this situation of freight rates. Previous to the war they were about one-third less than they are to-day. And now some of our rates that do not apply—

Mr. CALDWELL (interrupting): He says we do not know these conditions. I want to say that I am giving a sympathetic ear, because one-half of our farmers are doing what he has discovered. But what is the remedy?

The WITNESS: I am going to try to solve it for my people. I do not have to do all the work I am doing for my own benefit, but I feel that I ought to do it to help families out in British Columbia. I am in touch with irrigation work, and the losses sustained thereby, and by their marketing and transportation troubles, and it is only by those who have the time, devoting their time to the solution of it, that we will get anywhere with it.

Freight rates; I am not going into that. You will have experts here, and all we do, I think, is to ask that the rates be lowered, to somewhere near their pre-war level, and that we get some assistance in the matter of cold storage shipments.

By the Chairman:

Q. May I just ask if you have thought how freight rates can be reduced, so long as railway labour costs remain at anything like their present figure?—A. Yes, I have thought about that. Our wage boards come to us and say, "You shall pay this girl so much a week," and we have to pay it. Then the box manufacturer comes along and says, "You shall pay me so much," and we have to pay it. But there is nobody paying the grower; they never consider us. Now, I will say, so far as freight rates are concerned—before I came east I was talking to representatives of the express companies and the railway companies, and it is not a question of whether you can obtain it or not; you have to pay 90 cents to earn a dollar in express rates. We have the condition; we have to live. You have arbitrary rates, and we must have rates that will enable us to get to our market and encourage us to produce more and help us to induce people from outside to come in. It is not right to say that only an agriculturist shall come in. We know better. Around me to-day there are fifty men twelve of whom never saw a farm, but I induced them to come in. They are business men, and there is no reason why the carpenter or the bricklayer cannot come in. I could bring 1,000 men here who were not farmers. I myself never farmed until I went to British Columbia, and I will take my stand alongside of any farmers who have been raised on a farm and make money. It is intelligence that we want.

The CHAIRMAN: I am glad to hear that you have been making money, because we have heard of a lot of farmers who have not.

By Mr. Caldwell:

Q. Do you believe that the present high freight rate tends to cut down the railway revenue by curtailing production?—A. Absolutely.

Q. Just the same as the Custom's Tariff curtails imports?—A. The practice should be that the natural products of Canada, particularly those from the farms, should be given a lower rate of transportation.

Q. Do you not think it will increase the volume of traffic?—A. It would. If you would do that so that the farmer could realize a reasonable profit, you would help the business and have more farmers who pay taxes and buy all kinds of commodities. The farmer has to pay in the last analysis to every industry. He has to pay more to the doctor or the lawyer or the merchant. If it costs them so much more to live, they add it on to the farmer whether it is for legal advice, or whether it is for preaching. The surgeon will add so much more to the cost of an operation. It all goes right back to the farmer. If you want us to succeed, open your doors to immigration, to men who are physically fit and mentally sound, and let them go on the farms. When we have that condition, and we get them there, they will live contentedly, and your industrial concerns

will grow, because we will be able to pay a fair price which we cannot do to-day. That is the key to our future prosperity, and unless the men who are in Parliament are big enough to take hold of the question—

By Mr. Hammell:

Q. You are a British Columbia resident, and we have heard much lately about the Oriental invasion. Would you open the doors to the Orientals?—A. No. I can tell you what we have done.

The CHAIRMAN: I may point out that we have got a very big question to solve, and I do not think we should enlarge it by having a discussion of the Oriental question.

WITNESS: In a few sentences I could tell this gentleman—

The CHAIRMAN: If you do not mind, I think we should keep within our orbit, we have so much to cover.

WITNESS: Alright. As regards our internal affairs, we are working with the Oriental; he is coming in with us. I have a Japanese sitting on a board alongside of me. We do not like it, and we have to control them. We do not propose to have them in the Okanagan Valley. We do not want any more. Now, cold storage is something that we will have to have. I applaud the Minister of Agriculture for his efforts this session in helping to give some assistance in that direction. With cold storage we can prolong the season of shipments. We think there should be cold storage at the points of origination and destination. We can take the Macintosh apples and prolong the season of shipment for three months and get a high class market for them in Great Britain. Going across the prairies is very difficult, I admit. We should be able to get a line from Vancouver, through the Panama Canal, during the winter time. I think that that is something that should be taken into consideration by this committee.

By Mr. Sales:

Q. Would you not meet that situation by having cold storage in the different cities?—A. Yes; on the prairies, at all those points. I understand that the C.P.R. get a subsidy for the steamers crossing the Pacific to the Orient, and they do not provide cold storage for carrying our fruit.

Q. What do you mean by a subsidy?—A. I do not know; I only heard that they get some sort of shipping subsidy.

Q. From whom?—A. From the Dominion Government. I do not know; I guess it is for the mails. There is another matter. That is with regard to Australia. We have touched upon that. We think we should have the embargo lifted. We do not think that they give us anything that we are not willing to give to them; but we do ask that they put their duty at the same rate as our duty, and give us the same privilege as we give them.

By the Chairman:

Q. Do you say that there is an embargo against our fruit going to Australia?—A. They say they will not accept fruit that comes from a district that is known to have fire-blight. We are informed by our plantologists that fire-blight will not be transmitted on fruit; nevertheless that is the position they take.

By Mr. Hammell:

Q. Is that absolutely settled?—A. Our plantologists tell us that. Further than that, many of our districts have got very little fire-blight.

By Hon. Mr. Tolmie:

Q. Under the interpretation of the Australian regulation, if there was fire-blight say in Penticton only, would the embargo apply to the whole district?—A.

We understand that it would be impossible to get a shipment. It would stop shipping. The growers are quite willing to have a system of inspection which would give a bill of health to enable them to be shipped. We want the same duty on fruit going to Australia as we would charge on Australian fruit coming to Canada. Japan is another market. Our relations with Japan, through the Mother Country are very cordial. They cannot grow any apples except the soft apple. They have got a regulation there with regard to the moths. We think it would be wise if some overtures were made to secure that market for our fruit. As regards farming credits I have known many of my friends having to pay to the loan companies as much as 9 and 10 per cent for money. There should be some method whereby farmers could get long loans at low rates, on satisfactory securities. There is no loaning more secure than farm loaning.

By the Chairman:

Q. What are your farmers paying for loans on mortgage?—A. 9 and 10 per cent.

Q. Is that the prevailing rate?—A. 9 per cent is the prevailing rate, and some pay 10 per cent.

By Mr. Hammell:

Q. Do you not think that that is a matter for the provincial governments? —A. Possibly.

The CHAIRMAN: That is one of the subjects we are considering, rural credits.

The WITNESS: Another matter is over-production. It is true that the large cities get most of the gluts, and get the cheapest fruit. That is a matter which our co-operative organizations feel they can correct.

By the Chairman:

Q. Were you impressed with Mr. Shapiro's plan?—A. Yes. I was very much impressed with it except—I have not much Scotch in me—

The CHAIRMAN: There are some virtuous people who do not come from Scotland.

The WITNESS: I do not believe in putting too heavy an overhead on any business that has to sell on a small margin. There was too much hurrah made about the large salaries that should be paid to managers, and I would not like to pay $15,000 or $20,000 for a manager. We have got to take conditions as they are. During the war we made money for two or three years. I was paying $188 a year as taxes, and I sold 500 acres of my best land. They taxed that nearly $2,000; they raised my taxes about $1,000.

By the Chairman:

Q. I suppose that sale was when prices were on a higher scale?—A. I was business man enough to try and sell the lands at the highest price. But I made a contract to supply water at $3 an acre, and water costs me about $9 an acre. I have been doing that for the last 15 years, so that I have been losing $6 an acre, and the provincial government tells me that I shall have to spend $8,000 or $10,000 more. So I have not made anything out of the well. It has taken quite a bit of my profits, but I am game to stay there and try to make the thing a success. What we do want, and what we should have, is lower commodity rates to the principal cities in the States. There they will take our high class fruit at high prices, and we have got the fruit. But we cannot pay the rates that are exacted to-day in getting it to that market.

Q. With low commodity rates, you feel that you can successfully compete with Washington, and Oregon?—A. Yes. We have the red apple going along earlier than the Jonathan. The dealers in New York find our MacIntosh an excellent keeper, and they will take it in greater quantities than they have in the past.

By Mr. Caldwell:

Q. You mentioned the commodity rates; can you tell us how much goes over Canadian lines and United States lines?—A. New York is one of the principal centres, and there is Chicago. I suppose there is two-thirds going by the Soo line, but I am not prepared to say what the proportion is.

By Mr. Sales:

Q. You have not mentioned one thing; take the cost of clothing, boots and shoes and things of that kind, which are pretty high. Can you continue in business and still pay these prices?—A. I do not worry about the price of those things; they could be doubled, if they would only give me conditions under which I could make some profit.

Q. Would you advocate this as a general policy, then, you gentlemen in British Columbia? Your policy is to fix your price on the cost of production plus a fair profit. Will you advocate that as a general thing for the Dominion of Canada, to apply to the wheat farmer, for instance, and the dairy farmer and the beef farmer and the potato grower?—A. It is the only policy under which the farmer can work; he must get a profit on production, but I do not say we have to get foolish in our costs and then expect a profit to follow. We have to do what we have done in British Columbia. It has cost me a good many thousand dollars to sink my business in British Columbia, as an independent shipper, and go whole-heartedly into a co-operative concern, which bought the plant at the cost of the bricks and mortar. I built up export connections and other connections, and if an American had come in to buy it as a going concern he would pay double that. The man who came in to finance the plant looked over our statement of profits and said, "Your business is worth a quarter of a million dollars." The people are taking it over and are paying only the value of the bricks and mortar. I say we have to do things in that way, we have to get our costs down, and you can only get them down by working collectively, and by doing away with those people in between you and success. My firm was in between the farmers and success, and as much as you dislike it you have to accept the principle. Now, I say we have to get our cost of producing apples down, get our cost of distributing down, and insist on getting a profit.

Q. Would you advocate that as a policy? That is my point. Would you advocate that as a policy, the cost of production plus fair profit?—A. Yes.

Q. You would advocate that?—A. Yes.

By Mr. Gardiner:

Q. There is just one thing I would like to ask, Mr. Bulman, and that is with regard to farmers' loans. Have you taken into consideration any method, can you suggest any method to this committee whereby bank loans could be secured by these farmers?—A. The only solution, I think, is for the Government to borrow on their low borrowing powers, and by satisfactory machinery loan it out to the farmers with a minimum cost.

By Mr. Caldwell:

Q. It cannot be done through the present banking machinery?—A. No.

By the Chairman:

Q. The present banking system, I presume you mean, the system of banks that we have in Canada under the Bank Act. Mr. Bulman, in sending your apples to Shanghai, to whom are they sold?—A. To the Europeans.

The CHAIRMAN: Are there any other questions, gentlemen?

By Mr. Elliott:

Q. Just a question with regard to marketing; what is the usual spread between what the producer gets and what the consumer pays, for your high-class fruits?—A. The wholesaler expects to get 15 per cent to-day; some of them exact 20 per cent. The retailers will take 25 cents, and some will take 75 cents.

Q. Could you give me the actual price which the grower receives, and the price for which that same fruit is sold after all charges are paid?—A. That cannot be done, because under our system of handling we pool our fruit, and the grower, if he probably just got the returns from his one shipment would get fair returns, but when the other losses have to go into that pool, the total is not satisfactory.

By Mr. Caldwell:

Q. Your price is pooled for the season?—A. Yes.

By Mr. Sales:

Q. Mr. Chairman, does this committee intend to investigate that matter? For instance, I have a note here that Mr. Taylor said that the producer did not see any of the high prices. In 1921 the consumer paid $4 a box for British Columbia apples, and I am given to understand that your price was around 65 cents, in 1921?—A. I have not the figures in my mind.

Mr. SALES: Does this committee intend to investigate that?

The CHAIRMAN: Yes, certainly, that is one of the chief things; if you have seen the memorandum you will see that that is a special feature.

Witness retired.

The CHAIRMAN: Mr. Taylor, can you give us that?

Mr. TAYLOR: I can give you some figures of the returns the shippers made to the growers; I have six different firms here, their returns for last year.

By Mr. Sales:

Q. 1921?—A. Yes, 1921. Wealthies, $1.05, $1.20, $1.20, $1.20, $1.20. Macintosh, $1.50, $1.52, $1.27, $1.47, $1.50. Jonathan, $1.04, $1.25, $1.25. New Towns, $1.07, $1.32, $1.29, $1.47, $1.25.

By Mr. Sales:

Q. What were you getting in October for the Macintosh?—A. October of which year?

Q. Of 1921?—A. I can't tell you that.

Q. You haven't that?—A. No. That is the average price paid, that is what the grower received for these particular varieties.

Q. The price quoted for Macintosh is $1.50?—A. Yes.

Q. The freight to our Saskatchewan point is 65 cents. That would make the price for Macintosh $2.15?—A. Yes.

Q. And they were sold at $4.00 a box?—A. You have to put 15 per cent on that for the wholesaler. He puts that on the freight too.

Q. That is $2.80; add 15 per cent to that?—A. $1.80, I think.

Q. Yes, $1.80; 15 per cent on that is a little less than 30 cents?—A. $1.50 plus 65 cents is $2.15, and 15 per cent on that is roughly 30 cents.

By the Chairman:

Q. That is $2.45?—A. Yes.

By Mr. Sales:

Q. We paid $4.00.—A. I think you are leaving out of that 60 or 75 cents. There is 60 cents for packing on that. Our charges in 1921 were 65 cents, and the charges of the co-operative people were 75 cents.

By the Chairman:

Q. That is a little over $3.00?—A. Yes.

Mr. SALES: That leaves 90 cents. There is more for the retailer, or almost as much as the grower got for growing them.

By Hon. Mr. Tolmie:

Q. Are your apple growers or fruit growers in the Okanagan Valley large buyers of produce from the prairies?—A. Yes, many of us are.

Q. Generally, all through the valleys, you are consumers of the products of the prairies, meats and grains and hay?—A. Yes, although some of us supply ourselves. These people with 10 or 15 acres do not produce any grain, hay, or anything like that, but they do require it.

Q. You import some of your products. How much do the fruit growing areas of Washington buy from Alberta and Saskatchewan?—A. Not a cent's worth.

Q. So it is a good thing for you people, if possible, to create a home market? —A. Yes, of course. We do not put it all on the basis of fair profit. It is only the high-class fruit that can be exported, and the balance is distributed through the prairies. Last year we had a large amount of fruit, and if it had not been distributed it would have been wasted, and we prefer the prairie farmers to get that, and not let it rot.

By Mr. Sales:

Q. I am afraid you do not believe in reciprocity?—A. Absolutely, if it comes to fair dealing, but not reciprocity as we have it sometimes expounded. Reciprocity between us and the United States would be the most fatal thing that ever happened to Canada. If we were all one country, we could probably succeed, the North as well as the South, but no one could tell, after reciprocity was started, when that wall would be put up again, and all our organization would be on the other side of the line, and we could not succeed.

By the Chairman:

Q. What proportion, sir, of your total crop is exported outside Canada?— A. About one-third.

The CHAIRMAN: Are there any more questions? I thank you very much in the name of the committee, sir, for your attendance.

The committee adjourned until Tuesday next, March 13, 1923, at 3.30 p.m.

HOUSE OF COMMONS,
COMMITTEE ROOM 268,
TUESDAY, March 13, 1923.

The Special Committee appointed to enquire into agricultural conditions throughout Canada met at 3.30 p.m., Mr. McMaster, the Chairman, presiding.

Mr. GARDINER: Before we proceed with the business of this afternoon I would like to bring up the question of rural credits, in order that we may determine our method of procedure. I understand that this Committee is going to deal with that question, and I understand also that the Banking and Commerce Committee is enquiring into the question of credits generally. Now, it seems to me that it would be advisable for us to make some arrangement whereby our Committee would not overlap the work of the Banking and Commerce Committee. I do not know, Mr. Chairman, whether you have had any discussion with the Banking Committee, but I would suggest, as a possible means of getting over any difficulties, that we in this Committee might enquire into the needs for rural credits, and if we find that such needs prevail we might transfer to the Banking Committee the best method of bringing rural credits into effect. I merely make that suggestion in order to open up the question.

The CHAIRMAN: In answer to that I may say that I conferred with the sub-committee of the Banking and Commerce Committee the other day, and I took on myself, believing that I was expressing the view of this Committee, to indicate our desire to examine into the question of rural credits; and the sub-committee of the Banking and Commerce Committee decided that they would leave to us the question of rural credits, and would not interfere with us in our investigations. It was pointed out that there might be a possible overlapping, but that overlapping would be cut down as much as possible, though the question of rural credits, being essentially an agricultural problem, would be left to us. I trust I expressed the view of this Committee in the matter, in what I assumed.

Mr. CALDWELL: And the question of rural credits does not naturally come under the Banking Act.

The CHAIRMAN: No; in my view there is a distinct difference between ordinary industrial and commercial credit and rural credit.

Mr. GARDINER: Then do I understand it to be the desire of this Committee that, having investigated this important question, we are to proceed to devise ways and means whereby rural credits would be brought into effect?

The CHAIRMAN: As I remember it, our agenda on the question of rural credits read as follows:—"The banking and financial resources and credits of the country as affecting agricultural purchases, with an examination into the various systems of rural credits in this and other countries." I do not know whether that answers your question.

Mr. GARDINER: If this Committee is going right through the question of rural credits it will be quite satisfactory to me, in a way. The only reason I brought the matter up was that I know as a fact that some of the members of the Banking and Commerce Committee are expecting to take this same question into consideration on that Committee, and my desire was to avoid duplication. I think that perhaps we should make a decision as to whether we are going into the whole question of rural credits, and in case we find a need established for such credits, that we should prepare a memorandum to be submitted to the House showing how rural credits would come into effect. It would be quite satisfactory so long as we know exactly the scope of our investigations.

The CHAIRMAN: My understanding with the sub-committee of the Banking and Commerce Committee the other day was that rural credits would be left to this Committee.

Mr. SALES: Have you any information on the questions submitted to the Law Officers of the Crown in regard to the Grain Committee?

The CHAIRMAN: I have no report, but I hope to see them. If there is no further preliminary business, I will ask Mr. Duncan A. Campbell to come forward and be sworn.

Mr. DUNCAN A. CAMPBELL, called and sworn.

By the Chairman:

Q. Mr. Campbell, you live in Montreal, or Westmount?—A. Westmount.

Q. You have been in the business of exporting cattle to Great Britain for some years, have you not?—A. Yes.

Q. About how long?—A. Twenty-five years.

Q. In view of the possible opening up of the business in larger proportions, due to the removal of the embargo on live stock going into Great Britain, have you anything which you believe will assist this Committee in looking into the question of freight rates and transportation accommodation for animals going over to the old country?—A. The question of freight rates involves two questions; they are the inland and the ocean.

Q. Particularly the ocean?—A. The inland freight rates are governed by the Railway Board. The ocean freight rates we in Canada have no jurisdiction over, as I understand it, with the exception of the Canadian Government boats and possibly the Canada Steamship lines, which I understand—I am not speaking now definitely—but I understand they are Canadian register; the other boats are of British register. So far as I know there has never been at any time, either here or in the United States, any way by which ocean freight rates can be regulated by Government control.

Q. Can you tell us, sir, what accommodation is offered for the carriage of live stock to Great Britain at this time?—A. At the present time, since the first of the year, that is, the first of January till Saturday last, inclusive, there were about 7,000 Canadian cattle exported from Canada to Great Britain. Those figures are only approximate.

Q. Has there been sufficient space offering on ocean-going steamships to take care of the business which has offered up to this time?—A. Practically. There are three people in Montreal who make it their business to secure space. One of them is Mr. Munro, who has appeared before the Minister here and before the Deputy Minister last autumn. There is Mr. Coghlan and myself. I asked Mr. Coghlan how much inquiry for space he had from the first of the year that he was unable to fill. He said 40.

Q. Excuse me if I break in there—40?—A. 40 cattle. I did not see Mr. Munro; I got Mr. Coghlan to see Mr. Munro, and Munro said somewhere in the neighbourhood of 100, or about it. He said some men had booked one or two loads, but could have shipped one or two loads more if they had freight, but altogether there were only 100. In my own office there were 20.

By Mr. Sales:

Q. You say that there are two or three people who make it their business to secure space; what do you mean by that?—A. Well, you might call them freight brokers; you might call them cattle brokers; you might call them cattle forwarders.

Q. They are not the agents of the steamship company?—A. No; they have been in the business 25 years. Farmers, dealers and others write to them for freight, and tell them what port they want to go to, and they secure the freight for those men. They look after putting feed aboard the steamers for those men, and seeing that their cattle are properly marked so that they will not be mixed with anybody else's cattle, so that the cattle are distinctly marked. They will see that they are properly roped or haltered, and they see that proper attendants go on board the steamer. Generally it would not pay for attendants to go from the west; it would cost $40 or $50. These men look after the insurance, and they consign the cattle to whom he wishes. They agree on the amount of advance he should have on his cattle, and then they return him the net proceeds for his cattle after the sale is consummated.

Q. Those men do not speculate in space?—A. There is no space, to my knowledge, in 25 years, has been taken by a Montreal man and let at an advance, because if a man was a broker, and if a man was taking freight from a steamship company, and the steamship company found that he was getting, we will say, $5 a head more for the space than he was paying the steamship company for it, the steamship company would naturally want to know why; they would want that $5; they would not give him any more option on his freight.

Q. Your function is as agent of the exporter?—A. You are acting in a dual capacity.—A steamship man says, "I have 100 spaces to let; can you let them for me?" Or you ask a steamship man, "Can you let me have 100 spaces?—I want to offer it to our customers." You are in the same capacity that any man is who arranged business between two people.

By Mr. Hammell:

Q. Do you charge the same to the customer as you pay the steamship company?—A. The money that is paid—all the freight, I may say, for two years, the freight was collectable on this side. I objected to that, but the steamship company insisted on being paid on this side. We succeeded in having the freight collectable by the steamship company on the other side, so therefore there is no possibility of speculation in freight, because the steamship company collects the freight on the other side.

By Mr. Sales:

Q. And your charge is so much per head?—A. So much per head.

Q. Would you object to stating what the charge is?—A. Not at all; my charge is 50 cents a head.

Q. For all services you mentioned just a minute ago?—A. For all the services I mentioned a few minutes ago.

By the Chairman:

Q. Mr. Campbell, what is your hope for shipments this coming navigation season through the port of Montreal, with regard to live stock?—A. I expect that we will have somewhere between 1,500 and 2,000 spaces available per week from Montreal for the months of May and June, and gradually that number will probably increase. The big pressure on the freight does not come until September, October and November, when the western cattle move. That is the heaviest pressure, always; and as a steamship company fits up one steamer, they may be induced after a time to fit up another, and so on.

Q. For the benefit of the national interests in regard to the shipping of live stock, can you suggest any improvement over the present system?—A. I don't know of any; if I could I would. I would put it into effect if I knew of it.

By Mr. Milne:

Q. What do you mean by space?—A. The space of an animal on board a steamer, that is, a modern vessel; it is let by spaces, that is 2 feet 6 wide by 8 feet long, with the proper alley-ways, which are spaces about 3 feet wide, which are all set out in the Government regulations. That is, your Government here at Ottawa made, some years ago, an exhaustive ruling for what shall be accommodation for the bulk. For instance, on a steamer that is not a modern steamer, the Government insists that the space for one animal shall be 2 feet 8 wide instead of 2 feet 6.

By Mr. Sales:

Q. These are all placed on shipboard?—A. They are all placed. Usually there are two stanchions; there are four cattle, your head board is here, and there are four cattle tied to the head board, and two stanchions, of two by nine spruce, so when the vessel is swinging heavily you can understand if they were put in there without division, your cattle might swing and hang themselves. You see four cattle each two foot six, gives you ten foot space.

Q. Will it be permissible by the steamship or Government authorities to allow five small cattle to go into that space for four?—A. The law provides for that; your cattle weighing a thousand pounds, under the law when they are weighed and stamped by a Government inspector, five will go into a space for four.

Q. Five cattle weighing eight hundred pounds will take the same space as four cattle weighing a thousand pounds?—A. Five cattle of one thousand pounds or less can go in there. A one thousand pound bullock is considered a stocker bullock, but anything over a thousand, takes the same space as any ordinary sized bullock.

Q. What do you do with cattle weighing under that?—A. It is not practicable to ship anything under that weight.

Q. Under a thousand pounds?—A. Under nine hundred at least. The expenses are heavy. I will say in that connection that there will probably be some misunderstanding this year, about five going into four spaces.

By the Chairman:

Q. What?—A. Five cattle going into four spaces; we will say the rate is $20, which is the rate at the present time. Then you would expect five cattle to go for $80, would you not? Four feed cattle go for $80, five lighter cattle should go for $80.

By Mr. Caldwell:

Q. They will occupy the same space?—A. Yes, they will occupy the same space. The steamship company, however, claims—and I have been unable to get them to change that, that they will only make a reduction of ten per cent, instead of twenty per cent, for that particular change. In other words, they say they have to carry the same number of men to feed them as far heavier bullocks, and that they have to carry attendants for cleaning and watering them, so they will only make a reduction of ten per cent, instead of twenty; that is, instead of making a reduction of $5, they will only make a reduction of $2.50 a head. We were trying to get 16.

By Mr. Caldwell:

Q. Do you find that there are many cattle under nine hundred for shipment to Great Britain?—A. The first shipment leaves Toronto to-day. The first store shipment leaves Toronto to-day for shipment to Montreal. I have not

seen any stocker cattle for twenty-five years, and I forget what they look like, but I will probably see some to-morrow morning. I do not expect there will be anything under a thousand or eleven hundred pounds.

By Mr. Sales:

Q. You would not advise the farmer who has to ship stock to ship under what weight?—A. I would not like to give advice, it is usually thankless if the other fellow does not profit, but I should not care to ship a bullock weighing under a thousand pounds. To begin with, the bullock that is shipped weighing under a thousand pounds is usually a two-year old, and a two-year old is a soft animal. He does not stand shipment as a two-year old or a three-year old. He shrinks more on the voyage, and if you get them under a thousand pounds, you generally find they lose more on the voyage, and land in a more wasted condition than a heavier, stronger animal.

By Mr. Caldwell:

Q. The older animals?—A. The older animals.

By Mr. Elliott:

Q. Do you think the shipment of United States cattle will develop in any great volume to Great Britain?—A. So long as you have the Fordney tariff on, yes.

Q. Is it a profitable business for the farmer to engage in?—A. That, I would not care to say.

I think everybody has a right to as many markets as he can. The ideal condition would be if the farmer would be the manufacturer of beef in his own country, and manufacture the raw product into the finished product, but there comes a year in the western country particularly, where you have a drought, like they had three years ago, where they cannot finish them, and if you cannot send them to the United States, you want to get some cash for them rather than let them die at home. In that event, the market does not hold you, and at the present time if you are enterprising enough to finish your own product at home, you have the right to do that; nothing to prevent you.

Q. Do you think that to develop this market—that is, the shipping of the stocker cattle to the Old Country market, if developed to any more extent, will increase the cost of the stocker to the interior feeders or the Canadian feeder?—A. It will have that tendency; either that, or the men who ship them get very little for their cattle.

Q. Will the fact that, or is it possible when this trade had developed, to increase the price which the farmer will get for that finished product in this country?—A. I do not know whether that will have any particular effect on the finished product. The finished product stands by itself. There is one advantage of shipping them, as I said before, in a year like we had several years ago, when we ran through climatic conditions, and through drought, and were unable to finish our cattle. We want a market for them, and these bullocks were shipped to England, and when he is finished in England, he is sold in England, as home product, and naturally brings a higher price, because he is more prime than a bullock shipped over from here.

By the Chairman:

Q. Mr. Campbell, it was suggested by a gentleman who knows a great deal about these matters, the other day before this Committee, that it would be always well, whether the cattle were fed or not, to ship them as stores. Have you considered that aspect of the question now?—A. I think nearly all Canadian cattle will be shipped as stores, because it gives the shipper the other alterna-

tive. There are men in England, especially in the South of England, who want heavy cattle—home finished cattle, and who when they get our finished cattle, put them a short time on the grass and then sell them to the home market, as home cattle, and that appeals to the English trade more than Scotland, where they cater to the tourist trade, where they want a heavier cut of beef, and if they keep them five or six weeks, they call them "short-keep cattle," and then turn them out, and then they become known as the home product.

Q. You would agree with the expert who testified before us the other day, that it is well to ship cattle as stores, because there is an option, either slain shortly after landing, or kept for a longer period to be finished to the point of perfection that the English public demands?—A. It is this: there is no question but by keeping them you have the opportunity. There is certainly nothing to be lost, because you can kill a store bullock as soon as he lands.

By Mr. Elliott:

Q. I understood you to say at the start, Mr. Campbell, that with the exception of, I think, about forty head, you are able to supply the demand—.—A. About one hundred and twenty head.

Q. What was the reason you could not supply space for the hundred and twenty head?—A. There always comes a time when it is all booked up, and these are mere odds and ends that are offered late, after the space has been booked up.

Q. It is due to the lack of steamer space?—A. Yes, but it is a very small quantity when you consider the movement I was telling about. It was practically only a hundred.

By the Chairman:

Q. Mr. Campbell, is there anything to prevent say the growers of beef cattle of western Ontario, who have got a big shipment, to make direct arrangements or a contract directly with the steamship line—make his own arrangements for shipping?—A. There is nothing to prevent a man who has a carload of cattle or less from making his own arrangements, from his farm to his ultimate market.

Q. He would not run the risk if he applied to some line, of having them say "Mr. Monroe, Mr. Coughlin, or Mr. D. C. Campbell have got it all taken up"?—A. If he were late, he would, but if space were plentiful, he would be welcome.

By Mr. Elliott:

Q. If the same shipper applied to you for the space, if you had it, he would get it?—A. Absolutely. As I said, there are twenty cattle I have not been able to get space for, and I do not think the man was very serious at that. I happen to know all these customers after a time.

By the Chairman:

Q. Mr. Campbell, do you say that out of those who applied to you for space there was one man who could not get space for twenty?—A. That was all for my shipment. I am talking about the freight, from the 1st of January to date, those who applied for space going forward within that time.

Q. To what extent did you supply space during that period?—A. I would not like to say off-hand. I have not got the figures. Possibly six thousand; that is roughly speaking. I have not got my books before me just now, but I would think it should be something in that neighbourhood.

By Mr. Sales:

Q. You supplied six thousand out of this quantity?—A. No, there has been more space than we can forward. I have been talking of Canadian cattle shipped. There was quite a number of American cattle shipped as well. I would say five thousand in round figures. I would not care to go into details.

By the Chairman:

Q. You found space for five thousand Canadian cattle?—A. Yes.

Q. And failed to find space for twenty?—A. Yes, the shipper for the twenty came along after the space for the twenty was booked.

By Mr. Sales:

Q. Can you give us any idea of the American cattle shipped from Canadian ports?—A. The American cattle through Canadian ports has been very small. St. John is the only port we have. We have only shipped a few hundred.

Q. Have you shipped any through Montreal?—A. Yes, these go to Portland and Boston.

Q. Was there ever any attempt made, Mr. Campbell, to form a Committee to buy space?—A. I do not think so.

By Mr. Milne:

Q. Are there many shippers who ship in less than carload lots?—A. There are a number ship in carload lots, especially in the summer months. Not many in the winter months, but there are more in the summer months.

By Mr. Elliott:

Q. Mr. Campbell, can you give us the cost of transportation of cattle in 1913 as compared with the present time—take from a given point?—A. There was no shipment in 1913. There was no shipment until 1920 or '21. In 1920 or '21 we paid $125.00 a head for freight.

Q. What I want to get at is this: exporting of cattle has been going on for some time.—A. Oh, you mean as compared to pre-war days and now?

Q. Yes.—A. In pre-war days the rate of freight—inland freight from Winnipeg to Montreal, if I remember rightly, was either 60 or 65 cents.

Q. Per one hundred?—A. Per one hundred. At the present time—I am not just quite sure what it is; I think it is 87½ cents to Montreal, if I remember rightly. The rate of ocean freight fifteen years ago was from £1 to £2 a head.

Q. And at the present time—.—A. It is $20.00.

Q. $20.00?—A. Yes.

By the Chairman:

Q. Mr. Campbell, there has been a feeling—whether well founded or not I do not know—about certain of the smaller shippers that they did not get quite equal treatment from the steamship lines with the brokers with respect to space. Now, I would like—.—A. You mean to say they pay a higher rate?

Q. I do not know whether they pay a higher rate or whether they feel they do not get quite the same consideration for their applications. You might tell us what you may think about that. Has that suspicion got any foundation in fact whatsoever?—A. I do not think so. The only reason a man might think that is that a man who is a large shipper, who is a constant shipper, is fore-handed. He generally takes his space for a month or two months ahead of time, whereas the smaller shipper usually comes for his space within a fortnight or three weeks of the time, because the smaller shipper is really endeavouring to sell his cattle at home and failing to get his price, he frequently wants to get the

freight to ship them, and therefore, when he comes for space, he is liable to find that the freight is taken. I will put it to you plainer this way. Mr. Chairman, for instance, I had a cable enquiry last night just before I left, asking for May, and an option of June space. Now, I have not got a single inquiry from a smaller shipper for freight.

Q. That is not quite clear to me, although it may be to the other members of the Committee. Explain that a little more fully, Mr. Campbell.—A. In freight you give a cable option or a wire option—.

Q. What does that mean, a "wire option"?—A. For instance, you are living in Winnipeg. You want freight. You wire to me or send me, say for instance, a nightlettergram—I receive it to-day.

Q. When you say "I want freight", you mean "I want space"?—A. You want space for twenty or a hundred or whatever cattle you may want, you designate the freight, designate the quantity—you mention the quantity. It is usual to take an option for that freight. We will say to-day, Tuesday forenoon. That man has the option on it until noon the following day. It is customary that freight options are from noon until noon, unless you renew them.

Q. Just explain how that works out. If I, as a Winnipeg shipper—. —A. You wire for one hundred spaces. I receive that wire this morning, and I go to the White Star Line, or the Reford Line, or some other steamship company, and I say "I have an enquiry for one hundred spaces for Liverpool for Mr. McMaster," I wire you immediately "have secured you the option of one hundred spaces on such-and-such-a-date at such-and-such-a-rate, please confirm." If you want it, you confirm it. I close you with the steamship company. If you neglect it, and come along two or three days later, it may or may not be there.

Q. You may, in the meantime, have sold it to somebody else?—A. Once you have the option on it—, when you are offered the freight, you are supposed to have a twenty-four hour option on freight, which is, in fairness to you, giving you time to get messages backward and forward in a reasonable time.

Q. But if I do not confirm to you, on my desire to occupy that space, you will be free to let it to some other person?—A. What generally happens is that another broker comes in and takes up the option. I would not be in a position to renew it to you.

Mr. MILNE: Is there any cost in connection with this option?—A. No cost.

By Mr. Caldwell:

Q. You do not get a deposit down?—A. No.

Q. What if a man fails to take the space on which he has an option?—A. That is a serious matter.

By Mr. McKay:

Q. What redress would you have?—A. It has cost me money at times for making a mistake in the men I booked the freight for.

By Mr. Caldwell:

Q. You cannot get back after that party?—A. I could get back at him, but life is too short to sue him, because if he does not fill the freight, the chances are you would not get anything if you did sue him.

By Mr. McKay:

Q. Would you stand the loss by freight not being taken up?—A. It does not happen very often. I made a mistake in one shipment this year; he was to ship fifty cattle, and it cost me a thousand dollars.

By Mr. Caldwell:

Q. You had to pay for the space?—A. Yes.

Q. You contract personally—.—A. I stand between the steamship company and the shipper. In other words, the steamship company does not know who Smith is, for instance. I should know who Smith is; if I do not, I deserve to suffer.

By Mr. Sales:

Q. You mean to say, Mr. Campbell, that 50 cents per head is the only remuneration you get?—A. No, I get a brokerage of one and a quarter per cent from the steamship company, which amounts to 25 cents a head.

Q. Is that all you get?—A. That is all the remuneration, unless we sell your cattle, you have your own cattle to sell there on the other side. If you insure your cattle, you get the usual brokerage that anybody would get for fire insurance or marine insurance. The ocean freight is put on at cost; the feeding is put on at cost; and the help is put on at cost. Everything else is put on at absolute cost.

Q. You charge 50 cents per head?—A. We charge 50 cents per head.

Q. And your remuneration from the steamship is 1¼ per cent?—A. Yes.

Q. That is your whole earnings?—A. Yes, apart from insurance. If you handle insurance, you have some brokerage on that.

Q. Any other side lines?—A. Nothing, except you handle a man's consignment, and you send him to your salesmen. You sometimes get a commission from the salesman. If he does not have a salesman, you do not get anything. If your representative is on the other side, you get a commission.

By Mr. McKay:

Q. You say you lost $1,000. Could you not come back on the man who made the agreement to ship?—A. I could. I did not consider it was advisable

Q. It is not worth it?—A. No. I would have got it if I could reasonably. That has only happened very very rarely.

By Mr. Hammell:

Q. As a matter of fact, you are fairly well acquainted with the shippers?—A. Yes. As a matter of fact, 99 per cent of the live stock men are absolutely men of their word; a big majority of them are absolutely men of their word, and carry out their contracts.

By Mr. Milne:

Q. What is the insurance rate?—A. That varies; it varies entirely with the class of steamer. During the season of 1922, the line steamers began the rate at three-quarters; later on the rate was reduced to five-eighths of one per cent.

By the Chairman:

Q. The Canadian people own some ships known as the Canadian Government Merchant Marine?—A. Yes, sir.

Q. Dealing with them, do they treat you, and do you treat them just the same as other ships owned by other people?—A. Absolutely, sir. They are our own.

By Mr. Sales:

Q. Are they suitable for carrying cattle?—A. I am looking for a little item here that will give you an idea of how suitable they are for carrying cattle. I would not like to say anything against them, because I had a difference of opinion with the then Minister of Marine and Fisheries. I wanted them to

build them suitable for carrying cattle, but nobody thought there was going to be any cattle in those days, and the reason they thought I suppose I wanted them was for my own selfish purposes, so they did not build them. This is a list I got from the Canada Steamship Lines. There are other lines as well, as computed by Bickerdyke. I told you the rate of insurance was one quarter of one per cent last year.

Q. You have placed in my hands, Mr. Campbell, a statement of animals carried on board the *Canadian Commander*, the *Canadian Hunter*, the *Canadian Trader*, the *Canadian Ranger*, the *Canadian Raider*, the *Canadian Victor*, and the *Canadian Rancher*.—A. For the season of 1921.

Q. In the season of 1921?—A. Yes.

Q. There was in all carried 2,830?—A. Yes, sir.

Q. With a loss of 95, making a loss ratio of 3·35 per cent?—A. Yes.

Q. Will you tell the Committee whether that is a large or small ratio.—A. I told the gentlemen here, that we can insure cattle—well, to go back a little further, that you may have all the information in connection with insurance. When, after the close of the war I went to New York to get insurance, the best rate I could get was one and a half per cent. I was first quoted two per cent, but I succeeded in getting one and a half per cent. Afterwards, I got it down to one per cent, and then three quarters. During the month of May and the early part of June last year, it was three quarters. We then got a rate of five eighths of one per cent. That is an all-risk policy, covering the animal from the moment he walks aboard the steamer until he walks ashore down the gangway on the other side. An animal which is unable to walk ashore on the other side is taken over by the insurance company and the shipper is paid the full amount of his policy. For instance, if the animal is insured for $150, the owner of the policy gets $150.

Q. The full amount of the policy?—A. The full amount of the policy

Q. This is a heavy list then?—A. Yes, this is 3·35, and the other is ·62½.

Q. What is the matter, Mr. Campbell?—A. These are not good cattle carriers. The chief reason is that the decks on these steamers are three feet high, as high as this table. With a deck of that height, cattle are carried on both sides, cattle are placed on top of them, and there is no place that you can brace the deck to, because the deck fittings come over the side fittings, and when a wave strikes it, they smash, the cattle fall into the hold of the ship, or are knocked into the winches. In one boat we had a big loss; there was a big storm, and the whole upper deck load of cattle was washed overboard.

Q. They cannot be altered any way to make them suitable?—A. During the months of May, June or July, or the 1st of August these would not be very suitable, but in a pinch they would do. I think the Department of Agriculture represented to the Department of Marine and Fisheries, or perhaps the Department of Marine and Fisheries themselves issued a ruling that these steamers could not carry cattle. At the present time, they are not permitted to carry cattle owing to these losses that the Chairman has spoken of. The trouble is the insurance rate on these losses—the losses on this list, have a tendency to raise the insurance all along the St. Lawrence. You can understand that. In other words, for the few thousand cattle you carry, you are liable to have the insurance on fifty thousand cattle raised.

Q. Is there any practical way in which these ships of the Government Marine can be altered to make them suitable for carrying cattle?—A. No.

Q. If you raised the sides, they would be top heavy?—A. No, but I do not think that they were built like modern cargo vessels, all hatch. In other words, these vessels built during the war were built, as we say with "Two sides with a lid on it." That is most expressive of a war vessel. They are all hatch.

and it leaves you very little space on the side to put in cattle. If they carried one hundred and forty cattle, one half the number or one third less than the number they are carrying there, and carried under on the hatch, then they could carry them.

Q. Could you carry them on a cost to compete with other boats?—A. No, because it would cost money to call at any port. If you have to deviate from a port at which your cargo is, that would cost money, and the cattle is usually at a different place from where the cargo layerages are.

For instance, if I may explain. The cattle for Glasgow, are unloaded at a port called Port Merkland. Merkland, as I understand it, is six miles below Glasgow. The ship has to put in there, possibly losing one tide or two tides—one tide at least—to unload her cattle, and has to come out and go elsewhere I understand that call alone costs the steamship company between £50 and £70, depending on the size of the vessel. In other words, vesesls must carry 150 or 200 cattle, and any little deviation would be an additional cost of over $2.00 a head.

Q. These boats are only suitable for package freight?—A. They are not particularly suitable for cattle. We do not like to ship cattle on them. They have very little freeboard, as well. Their waterline is low.

Q. There is plenty of space to-day, Mr. Campbell, at $20?—A. There is not plenty. There is just about enough. There will not be quite enough in April. There will be a shortage of space in April, and the last half of March, because so many vessels have been withdrawn from the service.

Q. You do not know anybody at the present time who cannot get the space?—A. Yes, I do for March and April. There has been plenty up to the present time. This removal of the embargo has stimulated speculative instincts of cattle men. All cattle men are speculators, who try new ventures, and there is a lot of enquiries for space, how genuine it is, I do not know, but I do know the Donaldson Line, and they had not less than fortnightly sailings, and have no April sailings at all, only the Glasgow Line.

Q. Is it all taken up by option?—A. No, their vessels have been laid up; it did not pay to run them. Some of the other lines have reduced their sailings, The White Star from Portland have two boats less than usual because the vessels have been laid up, and put under repairs for summer service in the St. Lawrence. I would not say the shortage is serious; I would say two or three boats available in April would make up any shortage there is.

Q. In event of the space that is available being under option?—A. I know of no space under option.

By the Chairman:

Q. Is the space taken up definitely?—A. There is no space under option. I believe the Committee—I would like to tell you frankly of my own little business, if it interests the Committee. That is the only business I know anything about.

Q. That is what you are here for?—A. I can only talk of my own, because that is the only one I know. Englishmen, Londoners, and Scotchmen, and the men from Norfolk, in England, which is the biggest feeding county in England, have booked several steamers definitely for store cattle. There is a trainload of 400 cattle leaving Toronto to-day that are being shipped by Englishmen, 300 by Mr. Woodward, and 100 by Mr. Chapman, who went through the West, and visited Canada from end to end. He is the biggest feeder in Norfolk, and is shipping the first boatload to Manchester.

By Mr. Caldwell:

Q. They place their orders for steamers in Canada?—A. Yes.

By the Chairman:

Q. When they are getting this space, do they get from such men as you?—A. In this particular case they got it through me.

By Mr. Sales:

Q. They have booked these vessels for one trip?—A. To be specific, they booked the *Manchester Division*, sailing on the 17th of March, from St. John, carrying 416 cattle; they booked the *Manchester Brigade*, sailing on the 31st of March from St. John, carrying in the neighbourhood of 400 cattle; they booked the *Manchester Corporation*, sailing on the 14th—now delayed to the 26th of March; they booked a greater portion of her, and another concern in Scotland—a man by the name of MacArthur I understand represents a lot of Scotch feeders, I see that he is now in Ontario—and has booked a steamer on the 12th of April for Dundee, for a steamship option of 416 to 520 cattle.

By Mr. Sales:

Q. Any part of these ships which have been wholly engaged—you mentioned five or six?—A. Five or six ships.

Q. Any more?—A. I understand there is one other boat carrying 350, but that is the only one available.

Q. What space does that leave for the farmer who is shipping his cattle into Winnipeg, for instance, to dealers there, or, for instance, the United Grain Growers—what chances will they have of securing the space?—A. That I cannot tell you—what chances they will have.

Q. You have no idea of what is offered?—A. They will have very little chance at the moment. They will have plenty of chance after the first of May. There is nothing booked for May.

Q. So practically the space is all bought up?—A. On the first of May, I understand the grain growers have one or two steamers. I am not sure of that, but I understand they have one steamer on the 14th of May, the *Manchester Importer* for 350 head of cattle.

Q. To the best of your knowledge, most of this is done by Old Country farmers?—A. To my own certain knowledge most of it is done by Old Country farmers.

By the Chairman:

Q. Mr. Campbell, is there any fear or possibility or desire so far as you can see, on the part of the Old Country farmers to book space like that, not for the purpose of using the space but for the purpose of protecting their own markets?—A. No, that has nothing to do with it. They would not take it to protect their own markets. They are dealing as individuals, in a purely speculative venture. The best thing that could happen for the Canadian farmers would be if there would be more space, and they would take it all. They would need to buy the cattle. I maintain, sir—I have hundreds of letters from men in the Old Country asking me to act as their agent in Canada. I have written to each and every one of them that if the Englishmen want to take the embargo off, it was not for any feeling or regard for us; it was to get cheaper beef. If the Englishmen want Canadian cattle, he was the best judge of the cattle he wanted, and when he wanted it, and the kind that he wanted, and what he was prepared to pay for it, and if he wanted to get Canadian cattle the best thing he could do was to buy the freight and get the Canadian cattle, and several of them had acted on that suggestion, and have come out here.

By the Chairman:

Q. Mr. Campbell, I suppose there was nothing to prevent any shipper in Canada making the same arrangements with these lines, through you or directly, which the Englishmen have done?—A. None whatever. This gentleman (indicating Mr. Sales) has referred to the Grain Growers. I offered the Grain Growers the first stocker space which was offered to anybody in Canada.

By Mr. Sales:

Q. On what basis?—A. On February tenth. Here is the file, and here are the original telegrams, Mr. Chairman.

The CHAIRMAN: I would like to have the views of the Committee whether I should read these letters. I might read the one of them.

The WITNESS: They are rather lengthy.

The CHAIRMAN: I might read one of them. Here is a letter written by Mr. Campbell to Mr. C. Rice Jones, President of the United Grain Growers at Winnipeg. It is dated February 15th, 1923, and reads as follows:—

"February 15, 1923.

C. RICE JONES, Esq., President,
United Grain Growers,
Winnipeg.

DEAR SIR, I received your wire yesterday as follows:

'Your wire to Collyer delayed we intend having shipment on first boat advise total numbers Manchester Importer carrying and spaces available and whether landing at Liverpool or Manchester also advise same information on next steamer.'

and replied as follows:

'Not receiving reply my message Importer concluded you not interested only about hundred open now STOP Having in mind that Collyer stated Growers policy is to sell Winnipeg if possible booked portion this steamer to Old Country buyers who are coming here to buy and have given cable refusal balance, STOP Would you be open sell these people if so what kind cattle and what price Winnipeg. STOP Imperative that cattle be domesticated preferably dehorned first shipments choice feeders.'

Not having heard in reply to my message, I concluded that you were not interested in Store cattle on the first steamers. I had made some enquiries and the various people whom I came in contact with from the West advised me that there were not a great many suitable Store cattle as yet in Western Canada. I regret that I did not hear from you sooner. However, the "IMPORTER" space is let to Englishmen who intend to buy the cattle here, and if I understand the present policy of your Company, as outlined by Mr. Collyer when he was in Ottawa, your people, provided they get suitable prices, prefer to sell at home.

In my cablegram to these people I have offered them the first of the Manchester boats, and also the first refusal on subsequent boats. One of these people I have been doing considerable business with for some time and our dealings have been very satisfactory. He is a keen buyer, but one of the best judges of cattle in Great Britain and has a very large connection in Store Cattle. The other man was out here last fall and is a big feeder and has won a great many prizes on Store cattle that he has fed, so I think that these two parties will be useful to Canada. If they do

come out I shall arrange, if possible, to have them call and see you. In the meantime, if you wish me to try them out by offering them cattle at a price, I shall be pleased to offer them same.

Yours truly,"

By Mr. Sales:

Q. Have they all made arrangements with you since?—A. No.

Q. I understand they have a shipment of cattle now proceeding to St. Johns?—A. Yes.

Q. They have got that space direct?—A. Elsewhere—I don't know where; elsewhere. Not through me.

Q. Could they get it any place except through these three?—A. Yes, they could get it. The question was asked here could they book space direct, and I said a man could book space for twenty cattle if he went to the steamship direct. That is a carload lot.

By the Chairman:

Q. Mr. Campbell, some time ago I am told the rate for taking these cattle over to the Old Country was $15 per head?—A. Yes.

Q. Now, it has gone up to $20?—A. Yes.

Q. You have a long knowledge of Montreal shipping conditions. Does it cost 25 per cent more to run the ship?—A. No sir.

Q. Can you give us any explanation?—A. There are more buyers of beef than there are sellers; the same reason when wheat or any other commodity goes up. I worked very hard all autumn to get freight at $15, because I felt that unless we had a freight at $15 the cattle shipment would cease. The cost of handling cattle is thoroughly out of proportion. In other words, the cost of handling a bullock to-day from the country points and selling them in Great Britain is nearly 3½ cents per pound. That is, from Ontario points. I feel if we could get the freight lowered it would be better for the freight and the shipper.

You asked why it went up. I had freight booked for $15 for January and February. Mr. Chambourg, of New York—

By the Chairman:

Q. By the way, who is he?—A. Mr. Chambourg? He is a citizen of New York City who has been a very large shipper, all his life. He raised the White Star Line boats to $20, and our Canadian lines followed suit.

Q. Let us find this out. Did they follow suit simultaneously, or did first one follow and then another?

By Mr. Hammell:

Q. As a mater of fact, did these brokers outbid each other?—A. No; Mr. Chambourg is not a broker. He really is a shipper. Mr. Chambourg figured it out this way. I know Mr. Chambourg very well. He is shipping his own cattle, and is taking the space, or rather he has a broker taking the space off. He has Mr. Fetterhaugh taking his space. He figured he had better get it at $20, than let anybody else have it at $15. He started to get it from Portland, but we did not let him get it all from Portland.

By Mr. Sales:

Q. When was this?—A. This was in the early part of February.

Q. Here we have a man who is a shipper of cattle—A. Yes.

Q. He steps out and buys up all the space for $20?—A. All he can get.

Q. And deliberately raises the price?—A. Raises the rate $5 on himself

Q. His object then would be that he would be the only man to whom these men having cattle could sell?—A. No. I would not say that. It was not his object. His object was that he knew there was a limited amount of space and he thought Great Britain could take care of that amount of importation week by week, and he thought he would like to have it all; that it would mean so much profit to him.

Q. How was he going to recoup himself unless he could reduce the price to the man who sold to him? How could he get back this $5?—A. There may have been a margin over the $20. There may have been a good margin over the $15. I do not know what his reason was. I have not seen him.

Q. A man does not step out and reduce his profit by $5, as a rule, deliberately, unless he has seen some other way of making it up?—A. I have seen his cattle bought in Chicago two weeks ago, to fill this $20 freight. That is no man living can corner the United States market. It cannot be done. It has been tried. He is not working in with the packers; he is working against them.

Q. Could you give us any idea then as to why the price at our Canadian ports responded to that in New York? Is there any arrangement or combine or agreement?—A. I cannot tell you. I am not a steamship man. I cannot tell you how they get along, but I believe if the steamship men should meet, the same as two farmers meet, one will say to the other, "What did you get for cattle?" The answer is "I got 6¼ cents a pound. What did you get? and he says "I have not sold mine yet, but I will get 6¼ cents too." What have you asked for cattle freight?"; "$20"; "Then I will ask $20 for mine."

Q. Then you do not think there is a closer arrangement than accidental meeting?—A. You had better ask that of a steamship man.

Q. I am asking for your idea?—A. I would prefer not to say. I do not like to say, because I cannot speak authoritatively. I only want to make statements here on something I definitely know. I think you had better get a steamship man here.

By the Chairman:

Q. There are some things you know definitely, and you can help us with. You say the rate at a certain given moment in New York was $15 a head?—A. Yes.

Q. That was also the rate at Portland?—A. Yes.

Q. This competition for space brought it up to $20 in New York, and brought it up to $20 in Portland?—A. You see, your Portland line and New York lines that are carrying cattle are practically the same line, the White Star Line. The St. John space never did go to $15, or the Donaldson Line. They always stayed at $20.

Q. It stayed at $20?—A. Yes.

Q. When did it step up to $20?—A. I think the last boat in February was $20, if I remember rightly.

Q. When did it step up to $20 in St. John?—A. There is no freight from Montreal.

Q. When did it step up to $20 in Montreal?—A. There is no freight from Montreal in the winter time.

Q. Well, St. John then?—A. St. John never stopped down to $15. There were only a few boats going to Glasgow.

Q. When did you start in Montreal booking the space at $20?—A. For sailings the last—I think from memory, that it was in February. I do not remember if there was any in January or not, but I think it was in early January I did book for sailings the last week in February.

Q. At Portland?—A. Yes, my recollection is that I booked in November and December and January as for the February sailings at $15, and the steam-

ship people would not give us any, because we tried to book it through to the end of the year as I had orders to the end of the year.

Q. All boats will come up to Montreal in the summer?—A. Yes, they will all come up.

Q. When you started making reservations at Montreal, what did you have to pay?—A. The question of reservations from Montreal has been up for several days. There has no arrangement been made as yet. The steamship companies would like to get the rate increased to $22.50. The reason for that is that unfortunately there has been a great deal of newspaper propaganda that we have 200,000 cattle for export from Canada. The steamship people at Montreal know that the maximum that goes up for May is 8,000 and for seven months that means 56,000 or say, 60,000. They do not think that there are 200,000 cattle in Canada, but there has been so much publicity in both the British papers and our papers that I think they feel that they can get more than $20.

Q. Now, Mr. Campbell, when started reserving space for sailings as from Montreal, did you find that all the different lines had the same price, or had they different prices?—A. Two lines would not quote me a rate, and they said they would not quote a rate.

Q. Any objection to telling what those lines were?—A. The Furness Line was not sure what the rate would be. They were very evasive, and Mr. Coates of the Reford Company said he was going away for a holiday; that he was sick, and would see me when he came back, and Mr. Curry, of the White Star, I saw him yesterday and I said to him, "I am going to Ottawa; I presume it is on account of some misdeeds with you people; have you anything for me to say for you down there?", and he said "No." I said "What is the rate for May, because I think that will be interesting to them down there," and he said "That is not decided, but my idea is it will be $22.50 a head."

Q. Did you have any talk with those who run our own ships?—A. I am not sure they are going to be allowed to carry cattle. I am not sure, because you will notice by their letter it states they will have to get permission from the Government.

Q. I heard this, in connection with another line of business—that the steamship men meet together on a Tuesday afternoon, and after that the Montreal men know what they have to pay on all lines. Have you heard anything like that?—A. I have heard that rumor; I do not say it is a fact.

Q. Did you consider it an idle rumour?—A. No, I would not exactly consider it an idle rumour.

Q. If you were going to quote to a customer, on space in reply to an inquiry received on Monday afternoon, you would wait till the latter part of Tuesday afternoon before replying?—A. No, I would get to it as quickly as possible.

Q. You wouldn't wait until the next day?—A. No, I would go after it the minute I got the inquiry from him. Otherwise if I did not get space the man sending me the inquiry woud criticize me.

By Mr. Stansell:

Q. Mr. Campbell, I would like to ask a question? You said your remuneration for the service you render is based on a commission, 50 cents, in addition to some brokerage, and indirectly to insurance, you also stated that cattle men are naturally speculators. I think you also said you had a wire asking for a large amount of space from Winnipeg?—A. It is in the Chairman's hands, sir.

Q. Is there anything to hinder a man who is a natural speculator, and who is closely in touch with conditions so he can anticipate the movement of cattle, buying up all the space available and reselling it to the smaller shipper, who cannot get the space, at a little profit to himself?—A. No, he cannot do that.

The prices, the steamship prices for all the freight appear on the bill of lading, and are collected in Great Britain. When I quote you $20, that is not collected by me; it is collected by the steamship company in Great Britain. I have never collected for freight more than I paid for it.

Q. Would it be possible for a man to speculate in that? I am not referring to your firm, but to somebody who has orders for space, could they not resell that space at an advance to somebody else?—A. There is nothing to prevent him doing that so far as he is concerned. I cannot afford to do it as a broker, because if I did I would only be in Montreal for one year, and I have been there for twenty-five years. But to my notion, there is no reason why if you have one hundred spaces at $20, and I want them, I have a right to give you a profit on them, the same as on your horses and your cattle.

By Mr. Sales:

Q. Is there much of that goes on?—A. No, there is not much of that goes on.

Q. Any to your knowledge?—A. No, there is very little of that.

By the Chairman:

Q. If there were would you know it?—A. Oh yes. There is really nothing of that goes on; it would be too dangerous to do that. What generally very often does happen, and what has happened, is a man has we will say, a hundred cattle, and I come to buy this cattle, and I have to buy his cattle space. Sometimes he is able to sell his cattle perhaps, for a little more, if the space is available. He might sell his cattle for say a quarter of a cent more than if he did not have the space, and of course he has the right to do that if he wants to. He can do what he wants to with it.

By the Chairman:

Q. I will ask you to enter into the realms of prophecy for a moment.—A. I am not the seventh son of a seventh son.

Q. No, but what is your prognostication of prices that will obtain for carrying cattle to the Old Country this coming season of navigation?—A. The manager of the White Star Line—may I answer your question indirectly?—he is a very up-to-date Englishman. I was in his office yesterday and was expecting some cable inquiries, which I received last night, for May and June space. I said, "Do you want to sell all of your space if I have inquiries for them?" and he said, "I am not prepared to give you the whole of the space," and I said, "I am not prepared to ask for it." He said, "I have to consider everybody else." I said, "I think you are quite right; I would not want the whole of your space, because your idea was $22.50, and if you give me the whole of it to-day, you would expect me to fill it for the rest of the summer, and I would not be permitted to fill the freight at $22.50 for the season of 1923." I said, "I will take what I can get from time to time, as time goes on, because I do not feel I would like to be under any obligation to get any preference, and you would expect me to do something special for you afterwards in return." In other words, I am not "bullish" on freight. I think they will get $22.50 for May, and possibly for June. I would not like this to be put in any book——

By the Chairman:

Q. Everything you say is being taken down by means of stenography, and transcribed by means of typewriting, and published, but be just, and fear not.—A. Oh, I may not be just, but I will try to fear not. I will be as just as I can. What I feel is this: we have all the steamship companies carrying all the cattle

that they can, and if we sell all of that space inside of six weeks from the time that the first store cattle lands in Great Britain, this store cattle we are sending over will be coming back on the market again. We would be creating our own opposition, as it were; if a man takes his cattle in on the 1st day of April and sends them back on the 15th day of May, or the 1st day of June——

Q. I do not quite understand that. I do not understand what you mean by that.—A. That we would be creating our own opposition? In this sense; if you are shipping fed cattle they are killed to-day and consumed inside of a fortnight, but if they ship store cattle, and they go to work in Great Britain, it will be six weeks on feed, and in that six weeks you will have a shipment of store cattle coming in on the fed cattle market.

By Mr. Galdwell:

Q. In six weeks from the time that the steamships land the stores into Great Britain, they will be remarketed?

By Mr. Hammell:

Q. In competition?—A. No, not in competition. But they will be a factor. When Great Britain gets a little more than she wants, the price will naturally decline, and the price of stores will decline correspondingly.

By the Chairman:

Q. That raises a nice question. What proportion to the total supply of Great Britain of fat cattle will the store cattle which we send over bear?—A. I think your department will have those figures better than I have, Mr. Chairman. Mr. Grisdale will have those figures. The only thing I can tell you is that I understand that during the past season Ireland marketed 90,000 cattle more—that is, for the season up to the end of 1922—than any previous year; so that probably Ireland will have less cattle to market in Great Britain this summer than usual. On the other hand, there will be some of those cattle on feed in England and Scotland that will come out during the next month or two.

Q. Have you prepared any memorandum or statement that you would like to place before the committee to help us in our investigation into the conditions of agriculture?—A. No, but I can tell you what I have prepared. I had not prepared anything particular because I did not really know what you really wanted and I did not think there was anything I could give the committee that they did not know better than I. There is some information that the committee might have. The first thing is that the steamship lines are credited—whether it is so or not, I cannot say—but they tell me that the cost of building stalls on deck—the prices they have given me vary from $16 to $18 per stall, and it used to be one-fourth or one-fifth of that.

By Mr. Sales:

Q. When was that?—A. Many years ago.

Q. In 1900?—A. Yes. In other words, they tell me that "the position we are in to-day is"—there may be some labour men present who will be interested in this—"our mechanic and our carpenter want double time at night time and double time for waiting time." For instance, if the cars do not come down until night, and they want to load cattle at four o'clock in the morning, the carpenters insist on being called at midnight, and they get double time for waiting time even if they only begin to load the boat at four o'clock in the morning. I am talking now of the night men, and the same applies to Sunday. It may be time and a half during the week and double time on Sunday, but you have to call them out at midnight. You cannot call

them out at four o'clock in the morning, and pay them from then; you have to call them out at midnight and pay them time and a half on week days and double on Sundays. I think that is the proportion, but you can find out from the Shipping Federation.

By Mr. Sales:

Q. Is it necessary to have them there at the time they are being loaded?—A. Yes, they load the cattle and the stalls are completed when the cargo goes in, because we do not as a rule load cargo and cattle. The stalls are torn down to make way for the hatchways.

Q. Pursue that a little further; suppose your boat is ready to load at 11 o'clock in the morning, does you carpenter begin at eight o'clock?—A. I am not sure; I cannot tell you definitely. The other thing I do know because it came to my own knowledge.

Q. These rules are made by whom?—A. By the labour organizations.

By Mr. Hammell:

Q. By the Carpenters' Union?—A. Yes, sir. So you see that the steamship companies have some little grievances of their own. There are some other things that I have here.

By the Chairman:

Q. Before you pass away from the stalls, you say that each stall costs $16?—A. Sixteen dollars to $18 on deck, and $9 between decks.

Q. That stall is for how many animals?—A. One animal.

Q. How long is the life of a stall?—A. The life of a stall? A number of those stalls have to be torn down; that is, the temporary stalls in front of the hatches. They have to come down for the loading or the unloading of the cargo.

Q. Every trip?—A. Every trip. A proportion of these stalls may be good for a few years. You know what they do. When they get to the other side they simply smash them and throw them overboard. There is no such thing as care. There is a great deal of waste, and unfortunately there is a lot of unjustifiable waste.

Q. I suppose that the waste is largely under the control of the shipping companies themselves?—A. Not the shipping companies to-day. So far as the carpenter end of it is concerned, they have got to do pretty much as they are told, that is, by the unions.

By Mr. Hammell:

Q. They are at the mercy of the unions?—A. Largely.

By Mr. Caldwell:

Q. Regarding this matter of waste—A. Some of it is taken care of, and some of it is not. You know how much easier it is to waste than to take care.

By Mr. Hammell:

Q. Does the stall material cost much?—A. The cost of the stall material is a large item now. For the inch and a half stuff it would cost probably $45 to $50 while it used to cost $12 to $15.

By the Chairman:

Q. What are the next points?—A. I have already told you of the trips to the ports. Now there is the cost of deviation. Vessels like the White Star boats carry their cargo to Avonmouth or to Bristol, and Avonmouth or Bristol is not as close to the market for cattle as Liverpool is. A vessel has to put into

Liverpool to discharge her cattle, and I have here in detail the cost of that deviation. I could not credit at first that it cost so much. These figures are not authoritative, but they will give you an idea.

Q. I suppose they are given by the steamship companies?—A. Yes. They tell me that to put the *Irishman* or the *Welshman* into Liverpool would be £300, of which $190 is for wharf and harbour dues. I promised not to file this letter. The port of Liverpool charges harbour dues.

By Mr. Caldwell:

Q. Notwithstanding the fact that the cargo is destined for another port?—A. Notwithstanding the fact that the cargo is destined for another port, and that you are making only a temporary stop. For instance, the passenger boat *Salatia* took passengers to Liverpool some four months ago, and the Liverpool port dues for that call was $4,000.

By the Chairman:

Q. Did they come back with this stuff to you when you were urging that they should not charge so much?—A. They have been coming back with this stuff for three years. This is nothing new. This I get every week.

By Mr. Sales:

Q. Would you tell us who owns the Liverpool port?—A. The Liverpool Dock Board.

Q. Just like our Montreal Harbour Board?—A. No, the dock boards in England are different from what they are here. As I understand it, the port of Deptford owns the docks.

By Mr. Sales:

Q. That is London?—A. The port of Birkenhead has built cattle lairs. Whether they built the wharves or not I do not know, but I understand that there is a local dock corporation. What assistance they have got from the Government, I am not in a position to know; but I know that they make their own charges. In crossing to France a year ago, I happened to be with a C.P.R. official. He was a guest of one of the British railroads as far as Dover. The boat from Dover to the continent is owned by a French line, and he was stopped by the gateman at the dock. He said, "I have a pass," but he was charged I think, 3s. for dock dues to walk across the dock to the boat.

An Hon. MEMBER: What did they charge you?—A. My ticket was a through ticket.

By Mr. Sales:

Q. Then I understand they are a joint stock company?—A. In a measure. I think there are subsidized by the Government, but I also think they have local autonomy and can fix their charges. The wharf and harbour dues amount to $150; pilotage $170; dock hire and so on, $130; extra wages, victualling the crew and so on $160; coal $1,575.

By Mr. Clifford:

Q. How much extra would that be?--A. About $3 a head for calling at Liverpool. Say these boats carry 500 cattle, at that rate it would be $3 a head. The stalls are only built once, and they will do for perhaps two seasons.

By Mr. Caldwell:

Q. These stalls only have to be removed opposite the hatches, they do not all have to be removed?—A. No. I understand, however, from the steamship

people, that the cost of the loading and so on is nearly a dollar, and they tell me that the cleaning of the vessel on the other side costs them a dollar, if they clean and disinfect a vessel, and I understand the unloading costs them 50 cents. These are figures that I thought you might be interested in; in other words, I thought you ought to hear both sides of it. I am not here as a steamship man, but to give you both sides as I know them.

Q. This is how their charge of $20 a head is made up?—A. Yes, and I think these items are correct, because they are all very much the same, they tell me that the cleaning and disinfecting of the boats costs about $1, and the unloading 50 cents.

By Mr. Sales:

Q. Have you had that price, $22.50, from anybody else besides the White Star?—A. The rest would not quote as yet. I am not pressing the thing, and on the other hand the steamship people are not altogether to blame. If I owned a bunch of cattle, and I had as many inquiries for my cattle as the steamship men have for their space, I would be putting the price up half a cent a pound. It is a question of supply and demand entirely; it is a question of trade and barter.

Q. You stated, Mr. Campbell, that the Englishman was looking for cheaper meat?—A. Yes, sir.

Q. Naturally. Now, can you cast your mind back to 1900; you have been in the business 25 years. Could you give us the price of the freight at that time?—A. I said earlier that the freight was from one pound to two pounds a head, from $5 to $10. I would say the average freight would be about thirty shillings during the period prior to the war.

Q. That is about $7.50 in our currency?—A. Yes.

Q. The price of a 1,200 pound steer—I suppose at that time you would be shipping 1,400 pound steers?—A. 1,300 and 1,400.

Q. What would the price of a 1,300 pound steer be in the Old Country at that time?—A. Sixpence to sixpence halfpenny; I had better give you the price of beef. It was from sixpence to sixpence halfpenny. A bullock kills up to 54 per cent. The price to-day is tenpence halfpenny.

Q. Can you tell about what a 1,400 steer would make?—A. About £17, from memory; I can figure it up in a moment. You said a 1,400 pound steer?

Q. No, 1,300 pounds?—A. It would weigh about 715 pounds. It would be about £18.

Q. That would be about $85?—A. Yes, about $85.

Q. Do you remember what the freight was at that time, from Winnipeg to Montreal, for instance?—A. 65 cents, from memory.

Q. Per hundred pounds?—A. Yes, per hundred pounds.

Q. On a 1,300 pound steer that would be—?A. $8.45.

Q. And then your brokerage charges, and insurance, and all the rest of it that you describe?—A. Yes. There was only once, in my lifetime, that insurance was as cheap as last year. It was around three-quarters of a cent. That is the only thing that is down to the pre-war price and below.

Q. If we go on and ship cattle at this price that prevails now, it certainly will not hold in England?—A. I would not expect it to, if we ship in large quantities.

Q. My point is this. Do you think that the feeding of cattle, with the present transportation rates, can be a profitable business to the men engaged in it, for instance, in Saskatchewan?—A. No, I do not.

By the Chairman:

Q. What would you say as to Western Ontario?—A. He has a better chance, because the Western Ontario man ships his cattle out in January, February,

March, and April when the English markets are eleven pence, which he received this last winter, whereas our western man has not the same facilities for feeding, and he is obliged to ship his cattle out in September, October, and November, against the flood of home cattle, against the flood of Irish cattle, and he is obliged to take a much lower price, he may have to sell them for less than ten pence, probably nine pence.

Q. And still the man in Norfolk will be looking for his feeders?—A. If I were going to feed cattle, I would feed them in Norfolk, not in Saskatchewan.

Q. Just explain that. One moment you are arguing for the cattle to be finished, and now you are stating that you would advise our western farmers that the proper place to feed them is in Norfolk?—A. No, as an individual, if I were looking for a profit individually—I was only talking for myself—I would rather buy Canadian cattle on the glut in the fall, on the British markets, and feed them there, than I would to try and fatten them in Saskatchewan.

By Mr. Caldwell:

Q. You are speaking as a dealer?—A. Yes, purely from the point of view of a dealer. I was telling the Saskatchewan farmer that he had the unprofitable end of the business, which is quite so.

Q. There is another factor there. You say the Ontario man has an advantage. Do you not think it costs more to grow the cattle, up to three years old, than in the West, where they run free all winter?—A. It may be so. I have grown and fed cattle in Ontario, but never in the West.

By Mr. Sales:

Q. This idea of their running at large cannot be maintained.—A. Cattle do no good when they run at large at 20 below zero.

The CHAIRMAN: There are a few matters I would like to take up with the committee when we get through with Mr. Campbell.

By Mr. Gardiner:

Q. There is just one point, and that is, could Mr. Campbell give the names and addresses of the agents of the steamship companies at Montral?—A. The White Star Line, Major Curry; there is the Canadian Pacific Steamship Lines—I cannot tell you as far as this line is concerned at the moment, they have no boats. Their Glasgow boats by the old Allan Line are the only ones suitable and they are now in the passenger trade, and their London boats only carry 150 to 200 cattle, and London is not open. There is Mr. Nicholl of the Furness Line.

By the Chairman:

Q. Then there is W. A. Coates, of the Reford Line?—A. Yes.

Q. The Furness Line?—A. Mr. Nicol, James Nicol.

Q. Then there is Mr. Teakle of the Government Merchant Marine?—A. Yes, Mr. Cunningham is there, but Mr. Teakle is the man you want.

Q. Mr. W. A. Cunningham is the general freight agent?—A. Yes.

Q. Is there anybody else?—A. There is Mr. William Burke of the Canada Steamship Lines.

Q. Yes.—A. I think that covers the lot at the moment. I have been trying to get the McLean people to carry cattle, but so far I have not been successful. You see, the trouble is that most steamship companies want you to guarantee at least two voyages, and I would not care to do that, that is not my business, and I cannot get anybody to back us up.

By Mr. Sales:

Q. Just one point, Mr. Campbell; these boats which carry cattle from Canada, do they get any kind of return cargo at all?—A. Some of them do, and some of them do not.

Q. They have to carry water to ballast?—A. Yes. For instance, the Irishman of the White Star Line was cancelled several weeks ago because they could not get an outward bound cargo. They found one for New York, and therefore they were able to put her in the business. She went to New York, and then went to Portland and took cattle. The Castalia of the Reford Company carried cattle in the month of late January or early February, and the owners refused to send her out, although we offered a full load of cattle, because the earnings were so poor the last time. The cargoes, two and six for grain, which is the bulk of their cargo, does not pay them.

Q. Two and six per hundred pounds?—A. Per quarter. The owners would not send her out.

Q. So wherever we have a one-way cargo, we have to pay for the journey both ways?—A. Apparently. The reason we have not more cattle-boats at the present time, sir, is that the cargo situation is so rotten that we cannot get extra boats. If the cargo situation were good, we would be flooded with cargo space.

The CHAIRMAN: Mr. Campbell, the thanks of the committee are due you, sir, and are hereby tendered.

Now, what have we on hand for to-morrow?

The CLERK: Professor Leach, of the O.A.C. at Guelph, and Professor Barton of McDonald College, on production costs of live stock.

Mr. CALDWELL: We were to have a Mr. Brown here to-day.

The CHAIRMAN: He is sick; will he be here to-morrow?

Mr. ELLIOTT: No, I think not.

The CHAIRMAN: These two gentlemen will take a considerable time. Should we, for Thursday, call these transportation men and then—Dr. Grisdale, we would want your freight man or marketing man on hand.

Dr. GRISDALE: When?

The CHAIRMAN: If we call these men for the day after to-morrow. What do you think, gentlemen? I have the names of the White Star Line, Reford, Furness, Canadian Government Marine, and Canada Steamship Lines. Shall we summon these gentlemen for Thursday?

Mr. ELLIOTT: Do you propose to call them all, Mr. Chairman?

The CHAIRMAN: I thought we would.

Mr. CAMPBELL: Mr. Coates, who would be possibly the best man, he is the oldest, left on Monday evening for a short ten day holiday, so he will not be available, I do not think, next week.

The CHAIRMAN: We can get him after Easter.

Mr. CAMPBELL: You might get Col. Geer, but he is not as familiar with it as Mr. Coates. He is the president, and the detail matters are in the hands of Mr. Coates.

The CHAIRMAN: Gentlemen, shall we call these men for Thursday?

Some Hon. MEMBERS: Carried.

The CHAIRMAN: Since the other committee is sitting on Thursday, we will say 3.30 for this committee. We sit at 11 o'clock to-morrow, and we will summon these gentlemen whose names I have mentioned for Thursday at 3.30. Shall we summon Mr. Cunningham as well as Mr. Teakle? He is the general freight agent.

Mr. CAMPBELL: I think Mr. Teakle would be the better man.

The CLERK: Gentlemen, at the request of Mr. Sales and some others, I wired the Hon. John Bracken, Premier of Manitoba, and I will read by telegram and his reply. (Telegrams read).

The CHAIRMAN: Should we call this young man?

Mr. MILNE: Yes, I think he would be a valuable man, as far as the cost of production in Manitoba is concerned. I do not know of anyone else who has the information.

The CHAIRMAN: I would make the suggestion that at our next meeting we should carefully consider how to lay out the rest of our work. We do not want any of it to be pushed into the background. I would suggest that before answering this wire we go carefully into our programme.

Mr. SALES: The question I was going to take up was, just at what time are we going to take up our whole agenda for the future?

The CHAIRMAN: That is what I want to do; I think we had better do that next week, before adjourning for the Easter holidays.

Mr. GARDINER: There is just a question with regard to bringing this gentleman from Manitoba; did I understand that his production costs will be from the viewpoint of the Experimental Farm?

Mr. MILNE: If I might explain it, he has picked out 25 farms in various parts of the province and has established a set of books in each farm, and he visits each farm once a month, to see that the books are kept in shape. He has nothing to do with the farms at all, just the farm conditions. He has, I believe, a couple of pure dairy farms, and I imagine he has some pure grain farms, and some mixed farms. I think his information will be very general.

The CHAIRMAN: His evidence may be very valuable.

Mr. GARDINER: That is just the point I wanted to get at, whether the reports would be from the Experimental Farm.

The Committee adjourned until Wednesday, March 14, 1923, at 11 a.m.

HOUSE OF COMMONS,
COMMITTEE ROOM No. 268,
WEDNESDAY, March 14, 1923.

The Special Committee appointed to inquire into Agricultural conditions throughout Canada met at 11 a.m., Mr. McMaster, the Chairman, presiding.

The CHAIRMAN: I have been in conference this morning with the Deputy Minister of Justice in order that I might report to you his views upon the question of the advisability of having the grain trade investigated by a Royal Commission or by this Committee. The Deputy Minister of Justice informed me that, although the last Royal Commission had been stopped by injunction proceedings taken before the Court of the first instance in Manitoba, an appeal had been instituted from the decision rendered by the judge who first heard the case, and by a unanimous decision of the Court of Appeal of the Province of Manitoba, the judgment first rendered had been set aside and it had been decided that the Dominion Government had certainly the right to appoint a Commission for the purpose of investigating the grain trade. There was, how-

ever, a possibility that certain questions might arise touching property and civil rights, which might give rise to a question as to the powers of a Commission appointed by the Dominion Government. That being the case, I discussed with the Deputy Minister of Justice the legal possibility of having a Commission appointed not only by the Dominion Government but also by all interested provinces. The Deputy Minister gave me his opinion that that would be a perfect way of conferring upon the Commission all the rights of investigation that might possibly arise. He said that it would be necessary to appoint the identical Commission; the Commissioners would have to be the same. They would have to be clothed with certain powers from the Federal Government. They would be instructed to report to the Governor General in Council for the Dominion. They would also be instructed to report to the Lieutenant Governors of the different provinces, namely those provinces which joined in the Commission. In that way, with the investigating Commission clothed with all the powers necessary for such an investigation, no question could be raised as to the constitutional authority of such a Commission.

Mr. SALES: What then should be our proper course, Mr. Chairman, at this juncture? Should we make a report to the House advising it that in our opinion a Royal Commission should be constituted, and that they should approach the Provincial Governments, asking them whether they would pass concurrent legislation, or whether they would invest the Commission with all the powers they desire. How should we go about this?

The CHAIRMAN: There are two ways of holding this investigation. We as a Committee of the House have powers of investigation which cannot be challenged. A Royal Commission named by the Dominion Government, with powers also from the provincial governments interested, would have unchallenged jurisdiction.

Dr. MCKAY: Do you mean all the provinces?

The CHAIRMAN: I am not sure, whether, for instance, the proivnce of Prince Edward Island would consider its grain trade of sufficient importance to ask that powers be conferred upon such a Commission to investigate the grain trade of that province. I am not sure which provinces would consider the grain trade within these provinces of sufficient importance to warrant their joining in a Commission. It seems to me that the first question we have to decide is whether we are for investigation by a Royal Commission, or for investigation by this Committee? If we are for investigation by a Royal Commission, then it seems to me that we should indicate to the House the method by which a Royal Commission with unchallengeable powers can be appointed.

MR. SALES: I am anxious not to get into a tie-up. The Provincial Legislatures are all in session at the present moment, and if we are to have a Commission, action should be taken at once so that they may pass the necessary legislation before they break up. Otherwise, nothing will be done this year. You can see the point.

The CHAIRMAN: I do not want to give a false impression to the Committee that the Dominian has not the right to proceed with an investigation. The Dominion has the right to proceed with an investigation. But questions may possibly arise in the course of such an investigation which would so nearly touch property and civil rights as to induce the courts of the provinces to intervene, if properly moved to that end, on the ground that the Dominion powers did not extend that length.

MR. SALES: For instance, the country elevators in the province of Saskatchewan are owned by a firm, and the rights of these properties would come under the Provincial Government. They might be asked to produce their books

in connection with their business, and that might be challenged if it was merely a Dominion Royal Commission.

The CHAIRMAN: I am not prepared to say whether it could be or not. That is to say, I am not prepared to give a legal opinion as to whether such a challenge could be supported by the courts or not. I am prepared to go this far, that questions might arise in the course of such an investigation which would make it highly advisable to have provincial jurisdiction backing the jurisdiction of the Commission which had been received in the first place from the Dominion.

MR. SALES: I agree with you. I think this Committee has decided that it is advisable that this investigation should be held, that a thorough investigation should be held, and one that cannot be challenged. The only thing in my mind is, how best can we accomplish what we have in mind.

DR. MCKAY: Along what lines would the Provinces proceed to get the powers required.

The CHAIRMAN: I presume they would have to pass an order-in-council. I am not sure whether they would have to pass a Bill. I do not think they would.

MR. HAMMELL: They could pass a Resolution.

THE CHAIRMAN: An Order-in-council. We have got an Act called the Inquiries Act in the Dominion statutes, and under that, if I mistake not, the Government of the day by order-in-council can appoint people to make investigations into this, that or the other thing. Whether the different provinces have the same method of legislation which would permit their executives to appoint persons to conduct an investigation, I am not sure, but I imagine they have. As Mr. Sales says the local legislatures of a number of the provinces are in session now, and if legislation were required, they could pass it at this time.

MR. SALES: The terminal elevators are situated in Ontario, so that Ontario would be interested. The Ontario legislature is in session, and the legislatures of the Prairie Provinces are also in session at the present time. I wonder whether this Committee could instruct the Chairman to communicate with the Premiers of the Provinces and ask them whether this course would be wise, and whether they would be prepared to recommend legislation to their respective legislatures.

Dr. MCKAY: Would that be the proper course to pursue?

The CHAIRMAN: My native modesty permits me to suggest that perhaps any communication with the Premiers of the provinces should be made through the Premier of the Dominion.

Mr. SALES: Then can we request the Chairman of the Committee to confer with the Premier? If so, I would move to that effect.

The CHAIRMAN: Before you move that, had we not better make up our minds, and should we not have a formal resolution that this Committee is in favour of a Royal Commission clothed with powers obtained not only from the Dominion but from the provinical legislatures.

Mr. SALES: Would you preface that by saying that we are of the opinion that a thorough investigation of the grain trade is necessary, one that cannot be challenged.

The CHAIRMAN: Let me suggest this resolution: Moved by Mr. Sales, seconded by Dr. McKay, that in the opinion of this Committee it is advisable and in the interests of agriculture in this country that a full and searching inquiry should be made into all aspects of the grain trade of Canada: That

for this purpose a Royal Commission should be appointed clothed with full powers not only from the Dominion Government but also from all provinces interested in such trade.

Mr. SALES: Just a moment, Mr. Chairman; you use the words "Provinces interested." In British Columbia they have an elevator. I think I would name the three prairie provinces and Ontario, as the terminal elevators are situated there.

Hon. Mr. TOLMIE: They have some in Montreal too.

The CHAIRMAN: We cannot force the provinces to join in an investigation of this kind, but suppose we make it read in this way:

> "Moved by Mr. Sales, seconded by Dr. McKay, that in the opinion of this Committee it is advisable and in the interests of agriculture in this country that a full and searching inquiry should be made into all aspects of the grain trade of Canada: That for this purpose a Royal Commission should be appointed clothed with full powers, not only from the Dominion Government, but also from all provinces desiring to co-operate in such inquiry."

Perhaps we had better have a subsequent resolution as to my being instructed to confer with the Prime Minister.

Motion agreed to.

The CHAIRMAN: Mr. Gardiner moves, seconded by Mr. Robinson:

> "That the Chairman be instructed to present to the House a report from this Committee embodying the above resolution and asking for the concurrence of the House in this proposal."

Motion agreed to.

Mr. SALES: Would it not be well to point out the necessity for immediate action on account of the legislatures sitting.

The CHAIRMAN: Let us have another resolution on that. It is moved by Dr. McKay and seconded by Mr. Elliott:

> "That so soon as the concurrence of the House in the above recommendation be obtained, the Chairman be, and is hereby, instructed to confer with the Premier, and to request him to invite the co-operation in this investigation of the different Provincial Governments."

I think that covers it.

Mr. SALES: It is very good so far, but are you not going to mention the fact that immediate action is necessary on account of the legislatures sitting. Perhaps you could draw the Premier's attention to that.

The CHAIRMAN: We can add this:

> "Indicating to the Premier the vital necessity for the utmost despatch."

Is that satisfactory?

Mr. SALES: Yes, I think that is satisfactory.

The CHAIRMAN: The motion then is:

> "That so soon as the concurrence of the House in the above recommendation be obtained, the Chairman be, and is hereby instructed to confer with the Premier, and to request him to invite the co-operation in this investigation of the different Provincial Governments; indicating to the Premier the vital necessity for the utmost despatch."

Motion agreed to.

APPENDIX No. 3

Prof. ARCHIBALD LEITCH, called and sworn.

By the Chairman:

Q. Prof. Leitch, you are connected with one of our agricultural colleges?—A. Yes.

Q. Which one?—A. Ontario Agricultural College.

Q. I think you have made some investigations into the cost of production of beef cattle?—A. Yes.

Q. Where did you make the investigations?—A. Entirely in the province of Ontario.

Q. In what counties?—A. Dufferin County.

Q. Have you a statement that you can make to us as to what you consider would be of value to this Committee in investigating rural conditions in Canada in connection with the production of beef cattle?—A. Yes, I could make some statements relating what might be of value regarding the cost of producing beef, and also the net revenues which the farmer might derive from beef cattle.

The CHAIRMAN: My suggestion is that we ask Mr. Leitch to make a statement, take notes of questions which may occur to our minds as he goes on, and when he has finished his general statement ask him to elucidate certain points on which we want further light. If that is agreeable to you, gentlemen, I will ask Prof. Leitch to proceed in that fashion. (Agreed).

By the Chairman:

Q. What is your statement?—A. The statement which I shall make will deal, first, with the returns from the beef cattle enterprise of seventeen mixed farms in the county of Dufferin. When I say Dufferin I mean the Dufferin area, which includes some farms in the section of Wellington County and Peel County, but it is a mixed farm district in which the live stock is largely of beef cattle origin. This statement will relate to the year ending May 1, 1921. If the Committee desires I could make that more suited to somewhere near present-day conditions, using the basic information derived from that investigation.

The CHAIRMAN: I think I speak for the Committee when I ask you to bring the information up-to-date just as closely as you can without affecting the value of what you have to give us.

The WITNESS: I might say also that this information comes from absolutely detailed cost accounts kept under our supervision on those farms; and the beef cattle enterprise on those seventeen farms was entirely separated, as far as we could separate it, from all the other enterprises on the farm; that is, the cost of each enterprise was kept entirely separate. The farm-produced feed and all the labour of the farm was kept absolutely separate, absolutely accounted for, and distributed amongst the different classes of live stock. Now, those farms produced, during that year ending about the first of May, 1921, an average of 12,000 pounds of beef, sold on the hoof. That would be, roughly speaking, an average of 12,000 pounds per farm, and the average price received was $9.05 per hundred pounds. I might call your attention to something which the members of this Committee already know, that this dealt with the year ending May, 1921, and therefore included the big deflation in the fall of 1920.

By Mr. Sales:

Q. Would you consider the deflation since then as being more severe?—A. No. The biggest single item of deflation took place in the months from September.

Q. But it is still going on?—A. Yes, it is still going on; but the biggest single proportion or item of it took place in that one year. Now, the average sales per

farm of beef during that time was, roughly, 12,000 pounds at $9.05 per hundredweight. To those sales of beef we must add the secondary revenue from beef cattle production, that is, milk, cream, calves and hides, where they were sold. That brought the total income of those farms from the beef cattle herds to $1,611.18 per farm; that was the total gross sales from the beef cattle industry. Now, the costs of the production of that beef were as follows—I am first giving you the cash expense, the items of expense that entailed the absolute paying out of cash—and the first item is for feed purchased, $29.20 per farm; for hired labour, chopping, dehorning, veterinary fees, drugs and disinfectants, $155.40 per farm; that is, cash paid out for those items. Then the next item I will give you is the deferred cash expense, that is, for the use of buildings, the cost of the buildings, which did not include any interest charge on buildings, $107.02 per farm. Then there is a big deflation in the inventory, that is, of the normal stock on hand during that year, $918 per farm—I am leaving off the odd cents, as I suppose it is unnecessary to clutter up the Committee with those odd cents. Now, those total cash and deferred expenses were $1,209.70. The gross revenue being $1,611, that left $401.50 to meet all the other costs. Those other costs are these—the value of the farm-grown feed; that was the large part of the feed; the value of the farmer's own labour and his family's labour; and the interest on his investment. Now, the value of the home-grown feed was $1,057; the value of the farmer's own labour and his horses and equipment, $319, practically $320; and the interest on his investment in the beef cattle herd, and his cattle barn and his equipment of horses and other equipment, that is, all the interest charges that affect the beef cattle industry at all, $256. Those items which were non-cash items—that is, the home-grown feed, the value of all the horses and equipment, of labour, and the interest of 5 per cent on the investment, amounted to $1,633. After meeting all the cash and deferred cash expenses there was only $401 left to meet this $1,633. In other words, there was an average loss per farm, on producing 12,000 pounds of beef per farm and selling it at $9.05, of $1,232. Now, $918 of this is accounted for in the deflation; that is, approximately nine-twelfths or three-quarters—the deflation that took place in that year. Had it been a normal year, or had that deflation not taken place, there would have been an average loss per farm of approximately $300; or, in other words, the production of beef, had it not been for the deflation that took place in that year, would have given those farmers, with the production they had at the prices they sold at, all their cash expenses in connection with producing the beef; 100 per cent of the farm market value of their feed; and nearly 22 cents an hour for their own labour devoted to that enterprise; but would not have left anything for interest on their investment. Now, had it been a normal year in this respect—if there had been no deflation, and there had been an average spread of a cent to a cent and a half between the inventory value and the sale value, and no deflation, the farmers would have gotten all their cash expenses; 100 per cent of the market value of their feed; the going rate of wages, which amounted to about 26 cents an hour for their own time; and 5 per cent on their investment. So, while the result of that business for that year shows that much loss per farm, it can be accounted for in two items—the deflation in the inventories of the normal stock on hand, and lack of a spread. You see, there can be no spread in times of falling prices. These account for practically all this loss. What I have given you furnishes an idea of beef production on those mixed farms in normal years; and I might say that those are typical farms that were very carefully selected for that purpose.

By the Chairman:

Q. You did not take the worst, and did not take the best?—A. We did not take the worst or the best. I might point out that those farms were selected

so as to secure that the figures would be as nearly representative as it was humanly possible to get them. For three years previous to starting this investigation in Dufferin County we had conducted farm surveys over 250 to 280 farms in that district. That is, we had got from 250 to 280 farms in that district, for three years previous to this, an individual account from each farm, of the farming business for the year; therefore we had a rather close, intimate knowldege of the business of each farm, and we were therefore able to select farms that were typical of the business, that had no abnormalities; in fact, as far as we could tell we selected farms that were able to keep the necessary original records for this purpose. So these farms were very carefully selected for that purpose, and they represent, as nearly as is humanly possible to get it, the average conditions for the year during that time. Now, I have here in considerable detail the individual costs of those various items, that would be burdensome and pretty wearisome to read.

The CHAIRMAN: May I make a suggestion? Professor Leitch has given us his general statement. Let us ask him questions on that general statement before he proceeds to give more intimate details.

The WITNESS: I produce here an intimate statement of the various costs of different classes of feed used, and the different items of labour, and so on, on each of those farms; but it is impossible to give anybody an intelligent grasp of that by reading it here.

By Mr. Hammell:

Q. Would it be possible to have a copy of that furnished?—A. That would be a proper procedure.

By Mr. Gardiner:

Q. Have you any bulletins covering that?—A. We have a bulletin covering the first statement I made, which is in the printer's hands at the present time. I have only this one office copy and the copy that is in the printer's hands, that are really correct.

By Mr. Milne:

Q. As I understand Prof. Leitch's statement, it is that during the abnormal conditions beef cattle production has not been made profitable, but it can be made profitable?—A. There is no doubt about that. There is full justification for this beef cycle in the cattle business of Ontario.

Q. At present prices?—A. Yes, as soon as all the deflation is squeezed out. What I mean by deflation is the lowering values of the normal working herd—the cows and young females and bulls that a man must keep to provide the sale cattle. Now, while this deflation is going on, naturally the farmer is losing year after year—capital value.

By Mr. Gardiner:

Q. But, deducting this deflation, you still have a loss of $300?—A. Yes; that $300 is due to the fact that there was no spread; there cannot be any spread. That would account for the balance.

By Mr. Sales:

Q. I think you said 22 cents an hour for labour, allowing no interest on the investment?—A. Yes; if there were no deflation it would give the farmer all his cash expenses and the amount for the use of his buildings, which is, after all, a deferred payment.

By Mr. Milne:

Q. But how about the reversal of that? Have you the amount he would have for his labour supposing interest were paid on his investment—which is, after all, the first item that should be charged against revenue before he is paid for his labour, if you want to find out what he has after he has paid all the cost?—A. So far, we have always preferred that the man must live, and must live out of his labour. That is how the farmer lives.

Q. But that is not the usual way of attacking the proposition?—A. Yes, everything that is left over after everything else is met is interest on your investment.

Q. But a man will not carry on a business that won't pay interest on the investment; his interest on investment must be paid?—A. He must get his living first, then if anything is left—

Q. But it is a business method of figuring interest on investment and capital expenditure first, and then if it will not provide enough to make a living he must cease that occupation; your statement, while it is very clear, does not give us the information we want in that respect?—A. How would you suggest that I amend this? Do you wish to take the interest cost out first, and see what is left for labour?

Mr. MILNE: That is absolutely what we want—the only thing that is any good.

By Mr. Gardiner:

Q. Supposing that man had a mortgage of half the value of his farm; that would have to be deducted first?—A. Yes, because he would have to pay that.

By Mr. Milne:

Q. But that is aside from the question—whether it is a mortgage on the farm, or whether he has it clear, he must figure interest on the investment first? —A. He must figure on the investment, whether it is his or whether it belongs to somebody else.

By The Chairman:

Q. Prof. Leitch, I have read some of your bulletins with great interest, and there was something I wanted to get light on; in one of the bulletins—I think it was yours—you charged up 5 per cent against the capital investment, then you charged labour, hired labour, and then you established what you called "labour income"; I noticed that you never gave the farm credit for the housing that it affords to the farmer and his family?—A. No, because the data on which those bulletins were based was this general survey method, and covering a large number of farms with the methods used rendered it impossible to get those items.

Q. But in estimating the rewards for farming in this country should not an investigator take into account the fact that the farmer gets more or less adequate—sometimes very good—accomodation for himself and his family?—A. Yes, that is quite true. That was the weakness in that survey method. That is the reason why, after proceeding with that for two or three years, we changed, and adopted this system of farm accounting, which enabled us to get those things.

Q. So you say that my criticism of that was well founded?—A. Entirely so, because that was a weakness of that particular scheme of investigation, that it did not get on each farm those items of the value of the farmer's house, and what the farm supplied directly to him.

Q. As a matter of fact, even in those days of deflation the farmers did not actually run into debt to anything like the amount of loss indicated on strict

accountancy methods?—A. Oh, no, not at all. If the Committee like—probably we should have started with this—I have the net farm income.

By Mr. Milne:

Q. Will you be able to give us that statement I asked for, that is, what the farm would have left over after the farmer pays interest on his investment?—A. Oh yes, particularly with this beef cattle enterprise, to see what was left to pay for his labour.

By The Chairman:

Q. It seems to me that if you are going to charge against the farm operations a percentage on the full investment you must give credit for what the farmer would have had to pay if he had lived in a rented house of something like the same value?—A. That is done in this cost accounting work. I can give you the result of those seventeen farms, as to the whole gross business of the farms. So far I have only given you the beef cattle enterprise, during that same year. Here is a financial statement of the farms in a simple method. The value of the house supplied by the farm to the farmer was $267 per farm yearly; that was the cost of the house, including depreciation and repairs.

By Mr. Sales:

Q. How do you separate that?—A. The depreciation is counted at so much a year for a number of years according to the condition of the house.

By Mr. Milne:

Q. What percentage of depreciation?—A. It varied according to the house. Some houses had probably ten years of future life, that the farmer would rebuild if he could very soon.

Q. All you could do in that respect would be to take an average?—A. No, we did not take an average; we took each individual depreciation on each farm.

Q. According to the character of the buildings—wooden buildings or brick buildings?—A. Yes, and the condition they were in.

By The Chairman:

Q. Do you take the average according to the rental value?—A. No, the actual value of that house, allowing for interest, depreciation, etc., we credit the farm with that and charge the farmer's personal account.

Q. Should you not credit to the farm, as an operating proposition, the shelter which it affords the farmer and his family in the way of a farm house?—A. That is done in this: that is what we have done.

Q. Explain that?—A. $267 is an average for those seventeen farms.

Q. That is only, as I understand it, for the depreciation and the repairs?—A. No, all the costs of the house, including 5 per cent interest on the money invested; depreciation, repairs, and all the costs that you will normally find in a house. The reason why we did not charge a fixed rental value is that it is humanly impossible to determine the value of farm houses. It is not a marketable commodity that is fixed by the law of supply and demand, so the only thing to do was to take the actual cost. On those farms, also, the farm supplies that went direct from the farm to the farmer's table and his house, and the services of his horses for personal business, was $796.

Q. When you say personal business, what do you mean? Not connected with the farm?—A. Not connected with the farm; purely personal; the use of a horse, for instance, for going to church, or going out on personal, private business.

By Mr. Milne:

Q. You think that is not the business of a farmer—to attend church?—A. Well, we tried to separate as far as we could; we don't say we did it perfectly.

By the Chairman:

Q. This is a material rather than a spiritual investigation?—A. Yes. Now, in addition to that these farmers made cash personal expenditures, on an average, of $1,222 per farm.

By Mr. Sales:

Q. What does that consist of?—A. That is all personal expenses for which he had to pay cash. For those other items he did not pay cash directly.

By the Chairman:

Q. Would that be for sending the boy to the Guelph Agricultural College?—A. That would be for the purchase of groceries, fuel, religious expenditures, educational expenditures, doctors, and every possible personal expenditure.

Q. Taxes?—A. No, not farm taxes; income taxes if there were any—which there were not that year. This is cash, personal expenses, amounting to $1,222 per farm on seventeen selected farms on which every possible item of revenue and expense, and every hour of labour, and the distribution of feed among the different classes of live stock, was absolutely accounted for.

Q. When you say selected, that does not connote the idea that they were particularly better than the others?—A. They were selected to represent, as near as we could judge, a typical mixed farm of that county.

By Mr. Milne:

Q. An average farm?—A. Yes, in that particular district, a mixed farm district. Now, those total personal expenditures were $2,285; that is, the house and the farm supplies and the cash paid out by the farmer for personal business. Now we will see where that came from. That must have come out of a farm, for these men were farmers. We had to allow for his own labour an average of $927. Taking the 17 farms, that ranged from $750 to $1,500 a year, depending on the size of the farm and the amount of work the farmer did himself, we allowed from $750 to $1,500 as the value of the farmer's labour.

By Mr. Sales:

Q. Computed on what basis?—A. We arrived at it roughly in this way, what that farmeer might get if he worked for another man equally as hard, running another man's farm, or what he would have to pay another man to work on his farm, to do as much work on his farm. There is a little weakness here, possibly, this is an arbitrary figure and we might have been wrong, but we very carefully considered, from our knowledge of these men, what their labour was worth.

By Mr. Caldwell:

Q. Was this computed as the charge for a man to do the actual labour, or for a man to superintend the work?—A. We made a little allowance—not very much—for managerial ability; that should be reflected in the profits if there are any, but we had to allow a little for general oversight and general direction of the daily work of the farm.

The CHAIRMAN: You see, Mr. Caldwell, the Ontario farmer expects to work himself.

Mr. CALDWELL: That is not confined to Ontario.

The WITNESS: Now, here is the revenue that these 17 farms had on the average, $927.

By Mr. Sales:

Q. That is for labour?—A Yes, their labour for the year.

By Mr. Elliott:

Q. Would you call that their labour income?—A. No, they did not make that much. Now, these farms also earned for the operator, as interest on capital, $898. To arrive at the earned interest, the farm was credited with these two items, for house and services, $267 for the house, and $796 for the farm supplies. That was part of the revenue that helped to make up that amount of $898. This $898 earned on capital was not all in the form of cash.

By Mr. Caldwell:

Q. Does that include his board and lodging?—A. No, his board and lodging was treated separately; we charged the farm with the labour, at $927 a year for the operator on the average, and we made him pay out of that all his personal living. We credited him with $927 and charged him $267 for his house and $796 for farm supplies and services.

By Mr. McKay:

Q. Were the farmers bachelors?—A. No, all married men, with one exception. Those are the only two items of revenue those men had from their farms. The business of the farm was charged with $927 for the operator's labour, and the farms returned $898 interest on the investment. Those are the two items of revenue a man had.

By Mr. Caldwell:

Q. Before we leave that point, does what you credit for the man's labour include the work of his wife in cooking for the farm help?—A. If she did any farm work outside of the house, if she helped milk, for instance, a record was kept of that.

Q. Nothing credited for her cooking for the farm help?—A. No.

Hon. Mr. SINCLAIR: That would be included in the wages of the hired help.

By Mr. Caldwell:

Q. The making of the butter, and so on?—A. Yes, if she did any productive farm work, any help she might have given in production, that was charged against the farm, in addition. Then, in the labour account, the hired help and so on, the farm was charged with the market value, as near as we could arrive at it, of the board of these men that they boarded, and in that way indirectly the housewife got a return. Now, these two items only amount to $927 and $898, that is just about $1,800, but the farmer spent $2,285.

By Mr. Elliott:

Q. Will you tell me, Professor—.

The CHAIRMAN. Let Professor Leach finish, he is just working out to a conclusion.

The WITNESS: Since he did not get enough annual revenue from his farm to meet his personal expenses, he is forced to withdraw from his cash an average of $460 a year.

By Mr. Elliott:

Q. The total receipts of these farms is made up of $927 and $898; does that include the beef that was produced on those farms?—A. No, that is not the

total receipts of the farms, that is what the farmer got out of operating his farm for the year. The total receipts were much more than that, but there are the expenses to come out. The return to the farmer for operating that farm —just like a business man—he got these two items, $927 and $898.

By Mr. Sales:

Q. Leaving a loss of $460?—A. Yes.

Q. How long could he continue that?—A. He could not continue doing that very long, but fortunately the year 1920 was exceptional, those conditions do not keep on recurring every year.

By the Chairman:

Q. In other words, Professor Leach, your inquiry is dealing with an abnormal period of time?—A. Yes, for this particular year. Of course, these investigations have been going on all the time since. Now, there was the result for that year ending in May 1921, that the farmer spent more than he took in. He spent more on personal expenditure than the farm returned to him as a individual for operating that farm; he spent $460.

By Mr. Sales:

Q. The farmers have been accused on numerous occasions of being rather extravagant. Do you think that out of that $1,222 of personal expenses they could have cut that down at all?—A. Yes, because our investigation of these farms for the next year, while they are not all completed as yet, show that they made a respectable reduction from that.

Q. Tell us what there is that we could cut out?—A. I did not bring all that with me.

By Mr. Caldwell:

Q. Just a question. Is it not a fact that the prices of commodities that the farmer purchases have been reduced, which would account more for the reduction in his living cost than actual economy?—A. I did not just get that.

Q. Would you consider that this reduction was due to the reduction in price of the commodities he had to buy, or was it due to the fact that he did not buy the things he bought the year before?—A. For both reasons; I do not know which would have the greater weight.

Q. Just another question. Why did he cease buying the things, was it because he was not able to buy what he needed?—A. That would be one reason, and for another, his cash expenses would go down, and there was a general lowering of prices.

By Mr. Sales:

Q. $2,285, that was his total expenditure including rent, including food grown on the farm, and what he spent in cash?—A. Yes.

Q. What was the size of the family on these 17 farms?—A. It was the average size family for Ontario, five.

Q. That is, on these 17 farms?—A. Yes.

Q. That is, if a man keeps a family of five on $2,285 you would say that is equal to a man in the city getting a salary of $2,285?—A. No, it is worth more, because he got those farm supplies and services at farm cost, which a man in the city could not do, and a house of equal kind in the city would cost more money, on the rental basis.

By Mr. Milne:

Q. If the city man would buy directly from the farmer, it would be on the same basis?—A. Yes, if he could make direct purchases, or if he could get a house at cost, but of course he cannot do that.

By Mr. Sales:

Q. To make that equal at all, you would have to get the number of hours this farmer works, and the number of hours the city man works to earn the same amount of money?—A. I would have to give you the number of hours from memory, but it averaged 10¼ hours per day, every day of the year.

Q. Sunday as well?—A. Yes, and our dairy farmers, 11½ hours. That was divided, the total number of hours worked by the man himself was divided by 365.

By the Hon. Mr. Tolmie:

Q. Have you any figures for dairy farms?—A. Yes, for the same year, in Oxford County.

Q. How did they compare?—A. In Oxford County—it will be interesting to compare the two for that year. The personal expenditures in the dairy district—house, $234, farm supplies and services, $461, both lower than in the case of mixed farming, but the personal expenses were $1,462, a couple of hundred dollars higher. The labour allowed each of the farmers is $948, and the interest earned on capital $2,106; that makes $3,054 the revenue from his farm for his labour and interest, and leaves a surplus of $897. There was that difference in that year between the two.

Q. In the one farm where they work hard, there is greater revenue than when you take it easier?—A. The average dairyman works an hour a day longer, but I think he is more productively employed. He is more productively employed in the 11½ hours.

Q. He selected a safer line of farming, as far as revenue is concerned?—A. Yes, but deflation did not set in in the dairying until spring, but in my judgment and in the judgment of these men, too, they say this was the best year they ever had, because deflation did not set in until the next year.

By the Chairman:

Q. That is, beef went down in price before milk?—A. Yes.

By the Hon. Mr. Tolmie:

Q. Have you carried that on any further, so that conditions are more equal, have you any figures where the conditions are more equal than those cited by you?—A. No, we did not start this work until the spring of 1920, but it has been going on ever since. There is an enormous volume of calculation, naturally, and since we have to wait a full year before we can close the books, we are always about 12 months behind.

By Mr. Elliott:

Q. You said that in 1921 the average loss on those 17 farms was $400 and over.—A. $460. That was not the average loss on the farms, the farms actually returned $927, and 4 per cent interest on the money invested.

By the Chairman:

Q. That was the average, as I understand it, the average excess in expenditure over profits realized by the farmer?—A. Yes.

By Mr. Elliott:

Q. Would that difference not be greater at the present time? Take this present year, for instance, with the prices very much lower, and the cost of living very much higher, would it not be greater in 1923?—A. No, I do not think so. You know what the farmer does when hard times come, he cuts his personal expenditure to the bone. You must remember, referring to that $1,222 personal expenses in Dufferin county, a lot of that was incurred before deflation ever set in. The farmer had three or four months of good times, and he was spending as much as he was previously. If they had seen the deflation in the spring they would have cut their cost to suit the condition, but they did not. They either made the expenditure or obligated themselves to expenditures on the 1919 basis.

By the Hon. Mr. Tolmie:

Q. I think you stated that the personal expenditure of the dairyman was $200 higher?—A. His cash expenses.

Q. Does that mean he lived better, to that extent?—A. No, but he has a narrower variety of products off his own farm. These mixed farmers grow a large variety of products, compared with the dairyman.

By Mr. Elliott:

Q. Did any of those 17 farms produce a profit?—A. Yes, on the basis of profit, these 17 farms returned 4·76 per cent on the money invested.

Q. How many of the 17?

Mr. HAMMELL: That was the average.

The WITNESS: These are Dufferin county farms. Three of them returned nothing, that is, they had a loss on their capital of from ·34 per cent to 2·22 per cent, and the other 13 all returned interest on the money, of from ·43 per cent—that is less than one per cent.—to 12·67 per cent.

By Mr. Sales:

Q. But in order to get that profit you have paid that man 22 cents per hour for 10¼ hours a day?—A. No, we paid him an average of $927 per farm. It really came to 26 cents an hour.

Q. 26 cents an hour for 10¼ hours, for 7 days a week?—A. Yes.

By the Chairman:

Q. 7 days a week?—A. Yes; of course, that is what it came to, 26 cents an hour. The original charge is $927 a year.

By Mr. Caldwell:

Q. The man boards himself out of that?—A. Yes.

Q. That allows nothing for board?—A. No.

Q. And he is charged with his living and his rent?—A. Yes, he is charged with his rent and his farm supplies, the products that the farm supplies his table with, and so on. That is what these farms returned, $927 for his labour and 4·67 per cent on the money invested, but a part of that return is not cash, it is represented by that $267 for the house and $797 for the farm supplies.

By Mr. Elliott:

Q. Do you think you have been quite fair to the wife of this farmer in not crediting her with a greater amount, not allowing her a greater price for her services? Now, she would have a lot of work in connection with the farm, boarding the help, for instance.—A. Yes, but the farmer is charged with the cost of the board as an expense of the farm. She gets the market price for boarding the men.

Q. What about the services she renders in washing dishes, and so on?

Mr. HAMMELL: She would have to wash dishes if she lived in the town.

The WITNESS: She is paid for hired help at the going market price, she would get that money for her services, but for washing her own family dishes and so on, you cannot segregate an intangible thing like that.

By Mr. Elliott:

Q. How is she allowed anything for her extra labour?—A. The nearest and fairest charge you can make is the charge usually made in the country. There is a certain amount of extra work, and you can arrive at a market price which, generally speaking, includes not only the cost of supplies, but a reward for the labour of the woman of the house.

By the Hon. Mr. Sinclair:

Q. As to the conditions on these farms selected, these 17 farms, how do they compare with the conditions that you would expect, from what you teach in your college? In other words, did they follow modern methods in carrying on their farms?—A. Yes, in most districts, as nearly modern as you can expect farmers as a class to follow.

Q. To follow it further, did you make any comparisons as between the cost that you found on the farms, and the cost that you would have in producing it at the college?—A. That is not a fair comparison.

Q. It may not be fair, but it might illustrate what is possible by adopting better methods.—A. No, because the standards derived from the cost of production on Government and college farms are not worth 5 cents.

By the Chairman:

Q. Just on that point, does it cost you at Guelph more or less to grow beef than it did on these Dufferin farms?—A. It costs more. It cannot be otherwise.

By the Hon. Mr. Sinclair:

Q. Do you mean to say it is not feasible or profitable for these farmers to adopt the methods you teach at the college?—A. Yes, but we cannot adopt, on a college farm, the methods we teach, ourselves.

Mr. HAMMELL: That is quite reasonable.

The WITNESS: We can adopt certain methods, certain feed rations, and that is all right, but we cannot go out and hire for money the services the farmer and his family do themselves.

By the Hon. Mr. Sinclair:

Q. Can you suggest how they can improve their methods?—A. Yes, that was the chief purpose of the survey.

Q. What suggestions have you to make?—A. The chief and main suggestion that can be made is, better breeding of their live stock. That is the most important. The next would be—it is only of secondary importance as compared with the first—it would be, better methods of feeding, but I do not care how skilfully a man is feeding, if his livestock are not born with the innate ability to make good use of feed, skilful feeding cannot help them.

By Mr. Elliott:

Q. Have you any figures regarding the difference between those farms with inferior stock, as compared with those with a good grade of stock?—A. Yes, we have average costs of production of beef, ranging all the way from $12.34 a hundred to $29.54. The $12.34 includes that big deflation, but those are the extreme ranges of cost.

By Mr. Sales:

Q. And that would be sold at $9.05?—A. Yes.

Q. You said your Guelph farm could not pay, because you could not hire the same kind of help the farmer would do for himself; that is, you could not go out and hire a man to work 10¼ hours a day, at 26 cents an hour?—A. Not and give the same kind of service. It cannot be done. Then there is another thing, we have expensive buildings at the college, and rightly so. Those buildings are not typical of average conditions, they have to be a greater investment.

By the Hon. Mr. Sinclair:

Q. What further recommendations would you make for improving conditions?—A. Those are the only two I would make; that is, in production. Then, of course, there are other recommendations, that farmers might pay a little more attention to their marketing of stock, and see that it goes on the market in the best possible shape, and at the best time, but as far as cuttting down the cost of production is concerned, there are only two main things that should be emphasized. The one of breeding of better stock is more important than the other, it has more real value.

By the Hon. Mr. Tolmie:

Q. With regard to this matter, did I understand you to say that experiments carried on at a farm, such as the Central Experimental Farm here, that those figures are not worth a cent in comparison with what can be carried out practically? That the farmer cannot take an illustration from that by which to guide himself in carrying on his own operations?—A. No, I mean that the full cost of production on a college farm is not worth five cents, but where you take certain technique—.

By the Hon. Mr. Sinclair:

Q. That is, in trying to apply it on an ordinary farm?—A. Yes, the proper technique, such as supplying better rations and so on, can be applied best on a college farm, but the whole cost of production on Government institution farms never has been and never can be, generally speaking, good for comparison.

By the Hon. Mr. Tolmie:

Q. When they give the figures for producing corn silage, those figures are no good?—A. No, I do not say that.

Q. I want that made very clear to these gentlemen.—A.There are certain features regarding production that can only be obtained—regarding technique and methods—at such places as experimental farms and college farms.

By Hon. Mr. Sinclair:

Q. And also regarding costs?—A. Not regarding costs. If you use variations in costs to determine which is the bettter of two methods, that can be done at a college farm. If you have two methods of producing corn silage, two cultivation methods of seeding and so forth, and get the two different results in cost at a college farm, then the lower cost method is the one to be advised, and that is probably the only way you can arrive at that result.

By Mr. Hammell:

Q. Just as the name implies, they are experimental farms. A. Yes. They are absolutely necessary because there are those things that cannot be gotten from the ordinary run of farms, but when you come to the whole farm business, the cost of production of the different products, then that can only be secured from practical farms, because experimental farms are not run especially as economic farms.

By the Chairman:

Q. You would agree with the old Cockney saying, "He that buys the farm would thrive, must hold the plow himself and drive."—A. Yes, that is quite true.

The CHAIRMAN: Gentlemen, we have Professor Barton, and I do not think the Committee will be sitting again to-day, so I think it would be better if we went on with Professor Barton, unless he would like to stay over and be heard again, although we have some men summed for to-morrow.

By Mr. Sales:

Q. I would like to ask one more question. In your recommendation you said that we might devote some attention to marketing, and do our marketing at the best time. What have you in mind there, Professor, by "marketing at the best time;" for instance, what do you expect to tell the farmer, to inform him when he should market?—A. There has been put into operation a practice by governments and other agencies, of sending certain information of general interest, either through circular letters or through the agricultural press, regarding the time, the grade and the quality of commodities that are best for the market. Whatever criticism I have to make now is rather of the farmer than of the agencies trying to help him. It has been a rather slow process, naturally, for farmers to begin to realize that production has not ended when they have their produce at the gate-post, that production only ends, and his responsibility ends, when the consumer finally buys it, and farmers must realize that.

Q. They must carry their produce closer to the consumer than in the past? —A. Yes. They need not necessarily carry it themselves, but they must understand all the steps and the proper time to market and the proper quality, right from the consumer back to their own farm. It may not be possible for them to go as far as the consumer themselves.

Q. Is it not a fact that the farmer is engaged in the production of beef rather blindly? That is, we do not know whether our abattoirs are stocked with bacon or beef, and we just raise so many animals because we have always been doing so and we have no information as to what the supply and demand will be?—A. Possibly.

By Mr. Hammell:

Q. Is it not a matter of fact that the farmers themselves do not avail themselves of the information available?—A. That is natural.

By Hon. Mr. Tolmie:

Q. Getting back to that question of the experimental farms for one moment, these experimental farms and colleges carry on a certain system of cultivation and so on which they advocate to the farmers, or advise the farmers of the country to use. Presuming a farmer is so situated that he can adopt these methods, is there any reason why he should not put them in as cheaply and efficiently as they are done on the experimental farms?—A. He would probably do it a little more cheaply.

Q. I wanted to get that point clear, as to the efficiency of these farms, and so on, which I think are rendering a very valuable service to this country.—A. Absolutely, undoubtedly.

By Hon. Mr. Sinclair:

Q. You say these people cannot produce just as cheaply and efficiently as you can on the farm?—A. I had charge of the college farm at Guelph for quite a few years, after having had experience in managing large commercial farms, and I happen to know that it cannot be done by institution farms.

Q. You should be able to make a statement showing how they compare. A farmer knows what he can do on his farm, with regard to labour; put one up against the other, never mind showing the cost of everything, put labour against labour.—A. It is not the same kind of labour.

Q. It gives the same result.—A. No, because you cannot get the same work out of a hired employee on a government farm.

Q. You cannot get as much value out of him.—A. No.

Q. But, at the same time, put his value against the value of the other man. He works 8 hours and the other man 10½, give him credit for that.—A. Yes.

Q. I think you are doing a good work on these farms, and it can be imitated by the farmers throughout the country, to their advantage.—A. Yes.

The CHAIRMAN: Shall we sit this afternoon? We want to be able to finish with Professor Barton and Professor Leitch, because we want to hear these gentlemen on milk production as well as beef production, and we would not want them to go away as far as Guelph, and then bring them back. Shall we sit this afternoon at 3.30?

Some Hon. MEMBERS: Carried.

The CHAIRMAN: Shall we give Professor Leitch a rest now and take Professor Barton for a while? How would that do? I am in the hands of the Committee. You see, we have to finish beef production, so let us hear the other witness on beef, and then take up milk.

Professor H. Barton called and sworn.

By the Chairman:

Q. Professor Barton, you are connected with what institution?—A. MacDonald College.

Q. That is the faculty of agriculture of McGill University?—A. Yes, sir.

Q. You have been there for some time?—A. 15 years.

Q. And what has been your position, what particular line have you followed there?—A. I have had charge of the Animal Husbandry work, and the Farm Managing department.

Q. We have been investigating the question of the production of beef cattle, Professor Barton, and we would be glad if you would first of all make a general statement to us concerning the points which you regard as of prime importance, and then, with your permission, different members of the Committee will question you to bring out certain points they would like to take up. If that is agreeable, you might make a general statement first?—A. Mr. Chairman, my general statement, perhaps, would be more by way of explanation. I come from the Province of Quebec, as you know, and beef cattle is not a big enterprise with us. Moreover, I have no survey figures such as Professor Leach has been able to give you. My work is college work primarily, and I have not had the opportunity for the field work that he has had, in the farm economics work. We at the college—our interest in beef cattle is largely confined to the feeding of them. We have fed, on an average, from 50 to 100 steers a year, practically every year since I have been there. That is internally. As far as the conditions in Quebec are concerned, beef cattle is a dying cause, and that is caused by the competition of dairying on an economic basis. The bulk of our beef cattle marketed in Montreal, so called, are surplus dairy cattle. They are a menace to the beef cattle business, and I am not at all sure that they are a source of great profit to the dairymen under prevailing conditions; however, that is the situation as we have it in Quebec. Our dairymen are raising more cattle than they require for herd maintenance, and are attempting to market those cattle as beef cattle, and are getting very little for them. They are obliged to do that, as I see it, from the standpoint of stocking their farms. They

would be better off to milk more cows, but they attempt to combine very much the same kind of thing that Professor Leach referred to as being carried on in Dufferin County. We still have a few sections in Quebec that are producing beef cattle, but it is dying out.

By the Chairman:

Q. Where is that?—A. Some of the Eastern Townships, and one other county. Those are the two sections that are doing very much in it. As far as the steer feeding practice is concerned, even under present conditions—and this may perhaps come as something of a surprise to you after the previous discussion—we have been able to make a little out of steer feeding. We have fed on the basis of labour and feed, eliminating overhead.

By Mr. Caldwell:

Q. What do you mean by eliminating overhead?—A. Not charging for stabling, the overhead expenses.

Q. Is that a fair comparison?—A. That is taking it on the basis of feed and labour. Stabling is a very minor factor, it is not a big cost.

Q. I think we would not all agree on that, where we have to keep a warm stable?—A. The overhead is there, of course, but I do not think it would be an extra charge. It is an item, I admit, but it is not of very much importance. I do not believe it would be a very big charge.

By Mr. Caldwell:

Q. You admit that it is necessary to have a warm stable?—A. No, I would not admit that. I think that our stabling for beef cattle is altogether too expensive. I think that is one of the things we have to learn in this country right now, that apart from dairy cattle we can house practically any class of stock we have for less money, and that we have reached a point where we cannot spend the money on the housing that we have been spending in the past.

By Mr. Hammel:

Q. Is it not a fact that once the stable is completed, that it is there for many many years?—A. Yes.

Q. And therefore the cost as spread over a number of years is a small item? —A. Yes, sir.

By the Chairman:

Q. Prof. Barton, that is a little new to me that we could do for these cattle with less expensive buildings. You might develop that. Why do you say that?—A. If I were providing accommodation for the feeding of beef cattle to-morrow it would be a very inexpensive structure I would build. Storage for my food, of course, but as far as the cattle are concerned it would be a very cheap shelter. I do not believe that expensive warm equipment is at all necessary.

By Mr. Hammel:

Q. Loose boxes?—A. Loose boxes—open boxes.

By the Hon. Mr. Tolmie:

Q. You would use open sheds?—A. Yes, that is all that is necessary.

By Mr. Caldwell:

Q. And dehorn them?—A. And dehorn them, absolutely.

By Mr. Elliott:

Q. Did you ever carry on an experiment with open sheds in Quebec?—A. Yes, we have fed some in open sheds.

Q. Did you find it successful?—A. Yes.

By Mr. Forrester:

Q. Make a greater gain than in the barns?—A. I would not say that, sir. I do not believe there is an appreciable difference. I think possibly there is a little more demand into the care of feeding—a little more roughage.

By the Chairman:

Q. They eat more, because a certain amount has to go to make the temperature?—A. Yes. I think we can feed them more largely from roughage under that condition.

By the Hon. Mr. Tolmie:

Q. Do you think feed would be much higher in open sheds than in properly constructed barns?—A. No, I think it would be less if anything. The greatest labour cost in connection with my feeding is manure. Now, if each structure could be planned in such a way that that would be minimized; an expensive building with your cattle closely housed or divided up into sections or stalled as they are in some sections, makes a big job every day, or every few days on the manure. That is the biggest job I have got.

By Mr. Forrester:

Q. In a shed you leave the manure under it?—A. Sure I would, or I would have it arranged so I could get in there with a team and haul it direct, and have one movement.

By Mr. Mills:

Q. You can get into a modern barn that way?—A. Yes you can, but if they are tied, you can get in quite often—too often to make it economical; to make it the cheapest.

By Mr. Forrester:

Q. You have to haul it out every day anyway?—A. Every day, or every two or three days. I think it is more costly than if they are housed in boxes, and your manure allowed to accumulate.

By the Hon. Mr. Sinclair:

Q. You heard Prof. Leach in regard to better breeding. Are those cattle you are speaking about the dairy kind that you have in Quebec in general, or a cattle bred from beef type?—A. We have a certain number of cattle that are bred from beef bulls, and have come originally from shorthorn blood mostly, but of course there has been a certain amount of intermingling with many of them, and we are getting further and further away from real good beef breeding.

By Mr. Elliott:

Q. Did you ever conduct experiments at your station as to the relative course of feeding dairy bred steers as compared with beef bred?—A. Yes, we have done a little work on that.

Q. Could you give us your results?—A. We have not found a great deal of difference on the actual return for beef, but those results are in accordance with the results obtained elsewhere. The profit in the beef steer is not in fact that he will put more flesh for a given amount of feeding, so much as it is in the improvement that he makes on the carcass, by feeding.

By Mr. Sales:

Q. The effect is that the beef is in the place where it is wanted?—A. That is the idea; you put two steers together, take a Holstein steer, and a well bred

shorthorn, and take them both from the same feeding standpoint, and no man can say which will make the most pounds per given feeding.

Q. But the butcher will tell you that the beef bred has more in the back, than the dairy bred, and therefore you will pay more per pound?—A. Surely. That is the whole argument in feeding the beef bred steer, as I see it.

By the Chairman:

Q. Another question I want to ask, Prof. Barton, is about the growing of beef.

Mr. SALES: I would like to find out whether his feeding these steers has been profitable, because that is the most important thing in the whole business. We can feed the steers and grow the beef, but whether we can grow them and reap a profit is a vital point of the whole of this investigation, Mr. Chairman, in my opinion.

The WITNESS: Our practice is this. I buy the steers on the market. I buy them in the west, Toronto, Montreal, and I buy them in the country direct. I buy as cheaply as I can, and I feed as cheaply as I can. Now, the profit I make on feeding steers is not in the pounds of feed I put on the steer, but it is—

By Mr. Sales:

Q. The pounds of beef you mean?—A. No, it is in the increase in the value of the steer from the time I buy him until I sell him.

Q. Absolutely.—A. I have a carload of steers I am feeding now that cost me 6⅓ cents laid down in Ste. Annes, bought on the Toronto market. It is costing me about 22 cents a day to feed those steers. I figure they are making about two pounds a day gain, and these gains are costing me 13 cents a pound at the present time, which is more that I expect to get for the steers. Of course, to break even, in the first place I have to get an advance on the price of these steers. There is an element of speculation and business in the feeding of steers that you cannot get away from. I cannot buy steers and put the beef on them for less money than I can get on the market, but by investing a certain number, or a certain amount if you like, of expensive gains in these steers, I will realize an advance on the whole carcass. If I can sell these steers for a little over 7 cents, I will break even. I hope to sell them for more than that. If I can sell them for 8 cents, I will have 1 cent on my whole carcass.

By the Hon. Mr. TOLMIE: You would not call that live stock gambling? —A. No, I think it is "beef cattle business."

Mr. CALDWELL: That is a fine distinction.

Mr. SALES: Have you in the past year, Professor—

The CHAIRMAN: I don't understand what he means by that. (To Mr. Sales). You question him and bring that out. You seem to know about this.

Mr. SALES: He means this, as I understand it, Mr. Chairman. He buys his steers at 1,000 pounds—

The WITNESS: At 1,080.

By Mr. Sales:

Q. You expect them to weigh, when you ship them out how much?—A. If they gain two pounds a day, that is 120 pounds.

Q. That would be 1,200. Now, you paid 6½ cents?—A. 6⅓ cents.

Q. You expect to sell them at 7½, we will say?—A. I will have to sell them at a little over 7 to break even.

Mr. SALES: Now, you see, Mr. Chairman, that the gain is the difference between 6⅓ cents and 7½ cents on the original 1,080 pounds, that he buys, as well as on the 120 pounds he puts on. If his market was to go the other way, why, of course, he would be in the hole.

By the Chairman:

Q. I thought it cost him 13 cents per pound he put on?

The WITNESS: So it will.

By Mr. Caldwell:

Q. I think the point, Mr. Chairman, that Prof. Barton wishes to bring out is the fact that by feeding these cattle he increases the value of every pound of meat already on them, in addition to what he puts on.

The WITNESS: That is the whole idea. That is the whole principle of steer feeding, that is the only basis upon which you can make any money.

By Mr. Sales:

Q. What I wanted to ask you, Professor, was this: In the past years you have kept account of what you paid for steers?—A. Yes.

Q. With your cost of feeding, cost of labour, and so forth and then what you have actually made on your steers?—A. Yes.

Q. So you can tell this Committee what the results of these operations have been in the past year?—A. I have not got that data with me.

Q. You could furnish it?—A. Yes.

By Mr. Caldwell:

Q. Could you give us an approximate idea of what the average was, whether it is a paying proposition or a losing proposition?—A. I think that $10 a steer on that basis is a reasonably good profit.

Q. You figure you have made that in the past, from one year to another?—A. Yes, some years less and some years more.

Q. $10 a steer?—A. Yes.

Q. You are charging up interest on equipment?—A. No.

Q. Which is hardly a fair comparison with Prof. Leitch's statement?—A. No. That item is not included.

By Mr. Elliott:

Q. If, as you say there is a profit of $10 per steer; in view of the fact that the average steers fed by a farmer in Ontario will probably be—well, we will say 10 head—that will bring the farmer for his winter's work, and all his trouble and worry and bother just $100. Do you think that is enough?—A. No, but there is another aspect of it, which I think should not be overlooked, and that is the fact that he is getting a market for his farm food through his steers, which is a pretty good way to market it. I would not entertain the idea of feeding steers as a commercial proposition unless I had the bulk of food I wanted to market through the steers.

Q. You refer to roughage?—A. Yes, and some grain food too, but roughage would be the basic one.

By the Hon. Mr. Tolmie:

Q. Is the value of manure estimated in that profit of $10 a head?—A. Yes.

By Mr. Caldwell:

Q. In your calculation, Prof. Barton, do you allow interest on the money invested in these steers during the period you are holding them and feeding them?—A. Yes.

APPENDIX No. 3

THE CHAIRMAN: Now, gentlemen, as we are going to sit again this afternoon at 3.30 we might adjourn now. It is almost 1 o'clock, and we can re-assemble at 3.30, and if Prof. Barton and Prof. Leitch will both be good enough to come back, we will endeavour to finish with them, so that they can get away this evening. We will be glad if Prof. Muir will come back too.

The Committee adjourned until 3.30 o'clock in the afternoon.

The Special Committee appointed to inquire into Agricultural conditions resumed at 3.30 p.m., Mr. McMaster, the Chairman, presiding.

The CHAIRMAN: We will continue with Professor Barton.

Prof. H. BARTON recalled, and further examined.

The CHAIRMAN: Gentlemen, before we discuss the question of milk production, are there any other questions in regard to beef production?

By Mr. Sales:

Q. I would like to know if there is any profit in the feeding of steers for the average man on the eastern farm, what profit he can make?—A. I cannot give you actual figures, but I think there is a profit for the man who is in the right situation.

By the Chairman:

Q. What would you say was the right situation?—A. Well, a man who has his farm enterprise so organized and stocked that he has a surplus feed for which he wants a market on the farm. That is the big advantage in it, I think—roughage feeds that are hard to market, corn silage, for instance, and the dry roughages, which may be hay—

By Mr. Hammell:

Q. Or roots?—A. Roots. A man may have a surplus of that feed. There is a market for hay possibly, but it is questionable whether the commercial market is the best market for him from the standpoint of his farming activity. He has the opportunity to buy some steers, feed them up, and utilize that roughage, and if he does not do anything more than give cash value, if he can make over and above a reasonable market value for that, which I put at $10 a steer, so much the better. But there is an element of speculation in the business; Doctor Tolmie called it a gamble, I think; perhaps it is—

Hon. Mr. TOLMIE: I may explain that remark. We had a discussion on race-track gambling last week in the House and there has been so much talk of one kind of gambling and another that I just wanted to know if this was more of it.

Q. It is not so far removed from that perhaps in some cases.

By Mr. Sales:

Q. I wish, Prof. Barton, that when you get back you would have figures prepared, giving your experience, for how many years?—A. We have been feeding steers there for fifteen years, and I can give you the figures for a number.

Q. Do not take the years in which the prices were above normal; that does not prove anything?—A. That is quite true.

Q. Do not confine yourself to low estimates; we want to get the truth in this matter whatever it may be, and if you would furnish us with those figures later on, I would be much obliged.—A. I have not the data here.

The CHAIRMAN: Are there any other questions with regard to beef production?

By Mr. Elliott:

Q. Did you ever conduct any experiments to find out what it cost to grow a steer from the time it was got until it was 2½ years of age, a stocker?—A. We have done a little, but a very little only, because we do not run a beef-cattle-breeding proposition.

Q. Approximately, can you give us the cost of that?—A. I cannot give you any recent figures, but I have some figures for steers which were developed previous to the war, and, on a feed basis alone, as I recall them, they were in the vicinity of $60.

By Mr. Sales:

Q. What age?—A. Two years to two and a half.

Q. About 1,000 pounds?—A. They would be heavier than that.

By Mr. Caldwell:

Q. That was feed alone?—A. Feed alone.

By Mr. Sales:

Q. That is not counting interest?—A. Nothing but feed.

Q. Nothing but the feed of the animal itself?—A. Only the feed of the steer.

By the Chairman:

Q. Not even the attendance?—A. No, sir. It is taking feed at the market value for feeds that you can get market value for. For such as silage and roots it is not easy to get a market value. We take the farm value for these, based on the cost of production and the loss in storage, and so on, and charge the silage and roots out on that basis.

By Mr. Sales:

Q. You could not charge them any less?—A. No.

Q. That shows that the man beyond Winnipeg who is trying to produce the same kind of steer has to pay so much more to put him on an equal footing with the man in Quebec?—A. These figures are not based on extensive work at all. We have much more extensive figures on heifer production, which is along the same lines, and it is costing us just about that on the present basis of feeds to develop a 2-year old heifer.

By Mr. Milne:

Q. Your opinion is that it is more profitable to buy a steer than to fatten it?—A. Absolutely. I want a man to supply me with the steer from a cheap source, and I will feed him. I have a chance to do that. That is the only type of business that appeals to me. I am not interested in growing the steer. I do not think I could make anything of it.

By Mr. Caldwell:

Q. We have to get at the cost from the beginning?—A. I want somebody else to grow it.

By Mr. Elliott:

Q. You are speaking entirely from the point of view of eastern conditions? —A. Absolutely.

Q. Do you think that the grower of that steer at a cost of $60.00 would make any money out of the venture?—A. Well, if he had cheap enough land, I think perhaps he might.

By Mr. Sales:

Q. What value do you put on your land to get this at a cost of $60.00 for a 2 year old?—A. The land factor does not come in there because the feeds are charged up separately, but I would say $100 an acre.

Q. You must have pasture?—A. We do not pasture it.

By Mr. Caldwell:

Q. It is based on stable feeding entirely?—A. Yes.

By Mr. Elliott:

Q. Not pasture?—A. Some pasture, but not much.

Q. If a man depended a lot on his pasture, that would reduce the cost very materially?—A. Yes, if he had cheap enough land.

Q. Even with land at $100 per acre?

Mr. CALDWELL: He could not do it at all.

By Mr. Elliott:

Q. You will admit that that land which is worth $100 per acre will pasture a great many more cattle than cheaper land which may be worth say, $30.00 an acre. Do you not think that the difference due to the carrying capacity of that land, the dear land, as compared with the cheap land, would give you a cheaper production?—A. No, I do not think so; I do not think there would be enough difference in the carrying capacity.

By Mr. Caldwell:

Q. Is not the price of land based not so much on its productive quality as on its location to the nearest market?—A. Undoubtedly.

Q. Land at $100 per acre near Montreal might not produce as much as land at $30 per acre in Alberta?—A. Quite so.

Q. The price of land is not based on its productive quality so much as on its geographical situation?—A. Exactly.

Mr. ELLIOTT: Following that argument out, Mr. Caldwell, the price of land in the vicinity of Toronto or Montreal would be so high that farming in any of its phases would be absolutely unprofitable.

Mr. CALDWELL: If you are going to figure interest on your investment.

Mr. ROBINSON: When land is as expensive as that, it is not suitable for farming purposes, but for building purposes.

By Mr. Milne:

Q. Is it your opinion that when you have land at $100 per acre you can produce profitably by feeding or pasturing?—A. Yes, you can establish a more intensive practice with the higher priced land, but I do not think that land at that value is at all adapted for growing steers.

By Mr. Caldwell:

Q. In that case, your labour costs are possibly trebled?—A. Yes.

Q. And stable feeding?—A. Yes.

Q. So that it works out about the same thing?—A. Well, no, there is a bigger difference, I think.

The CHAIRMAN: Have we finished with the question of beef production. I think, Professor Barton, you know a good deal about milk production, do you not?

The WITNESS: I have a good deal to do with dairy cattle.

By the Chairman:

Q. You are familiar with farming conditions in eastern Canada?—A. Fairly so.

Q. In eastern Canada we go in largely for dairying?—A. Yes.

Q. We certainly do in the province of Quebec?—A. Yes.

Q. Will you give us your ideas as to the present conditions of the industry, what the facts are under present conditions and what remedies you would suggest. You may base your remarks along these three lines, unless you have something in your mind, a different line of procedure, which you would rather follow?—A. I have not. I hardly knew what would be expected of me, and I have not come with any prepared statement.

Q. Out of the heart the mouth speaketh. You know about these things?

Mr. SALES: Perhaps Professor Barton could when he returns home prepare his notes and appear again.

The CHAIRMAN: We are going to have a lot of close figuring by Professor Leitch. I heard Prof. Barton on this subject before, and the sort of talk which he gave us at Knowlton would be very acceptable here, and would give us some of the ideas along which we might hope for improvement in rural conditions in Quebec.

WITNESS: I do not mind telling you some of the things I have in my mind with regard to dairy farming as we have it in Quebec and Ontario. As you say, we have been pinning our faith to that as a feature to carry us along in the farming enterprise here under conditions of increasing land values and increasing costs. The one escape for our people to-day seems to be dairying, because the dairy cow is produced more economically than any other animal in the cattle line at any rate. Now, our dairymen are not having any easy job under present conditions. There are no doubt many factors which will explain that. I am quite sure Mr. Leitch will present figures which will analyze these factors. I am speaking only generally, as I see them. The tendency has been, I think, among our dairymen to specialize more and more, and confine themselves more and more to milk production, and more and more to pass up other things. I am of the opinion, whether rightly or wrongly, that has gone too far with the average man. I believe that dairying has great possibilities in that direction, if it is thoroughly intensified, but it has not been intensified, or developed by the average dairyman to a point where it should be to carry him as a single, or even as a major enterprise, and in dropping off many other things, he is worse off than he was before. What I mean by that is this; the farmer while he has attempted to feature dairying, has become less and less self-sustaining. I had a man in my office the other day who told me he was having a struggle, and I asked him what he was doing, and he said he was dairying. He said he had 28 milk cows. He had 150 acres of land, and he was shipping the milk. He kept two hired men, and he said that while he could live, he was not able to make much headway, and if he had his obligations to meet, that he could not do it. So I said to him "what else have you got." He said "I have nothing else in the way of live stock." I said "Do you buy your horses," and he said "yes, as I need them." I said "you produce no pork," and he said "no, I buy my pork; have not a pig on the place." "Have you any poultry?"; "no, I have not got a hen"—I am mentioning this as an extreme case, but it illustrates the principle, nevertheless, that I am getting at. "Have you any fruit?"; "no"; "have you a garden?"; "no, we have a little bit of a garden, but very little; even buy some of our potatoes." This man had attempted to specialize in dairying. He is a good example, as I consider him, of a man trying to specialize through the cow alone, and of course with the labour that dairying demands

and the feed and everything else, the tendency was to drop all other things. There has been a lot of that. Now I do not believe that dairying as we have it, and can hope to have it on the average farm, is of itself capable of carrying that entire load. I have an idea that our farmers have been over specializing and over commercializing to too great an extent. I do not think we want to go back to peasantry, but I think the direction should be towards a more self-sustaining farm from every standpoint, than with the home or on the farm itself. I do not believe that the farmer is producing as much of the things that he could use and requires, thereby save the purchase of plenty of things, even in his own food, as he might. I know there are difficulties. That is one of the important basic ideas in connection with it. Now, to make dairying carry that whole load, as I see it, it has to be very highly developed. The cows most of our people have got are not good enough to allow it.

By the Chairman:

Q. May I interject a question? Professor Leitch this morning said in regard to the production of beef, if I mistake not, that the first necessity was good stock; even more necessary than high feeding. Is that true of the dairy interest?—A. Absolutely.

By Mr. Caldwell:

Q. More true?—A. I think it is. I think that is one of the big keys to our whole situation.

Q. In the case of a man who specializes in dairying, do they make a practice of testing for butter fat?—A. A great many of them do.

Q. Do you not think that is one of the essentials for successful dairying?—A. Unquestionable, better feeding, and a quantity. Of course, that situation is forcing itself now very well, because—

Q. With everything except cheese making?—A. Yes, but even there, the basis of purchasing of milk—our cheese factory men are more interested in the percentage of fat the cows are giving now, than two or three years ago.

Q. They are becoming alive to that situation now?—A. Oh, absolutely.

The CHAIRMAN: If you want to follow along your main line of thought, do not let our questions hurt you, Professor Barton.

The WITNESS: Well, the difficulty that I see with dairying at its best is, first, one of cows, and secondly one of labour. Now, many of our farmers are unable to carry more cows—

By Mr. Caldwell:

Q. May I ask a question there, Mr. Chairman? You spoke of the selection of cows. How will you select them, if you do not test them for butter fat?—A. That is the proper way in the herd.

Q. It is not being done in general?—A. A minority of the farmers are doing it.

Q. Are they the most successful, everything else being equal?—A. Yes, I think so, but a majority of the best men—

By Mr. Sales:

Q. I suppose in order to secure the cows, Professor, if you had your way you would do away with all scrub bullocks?—A. Yes, I certainly would.

Q. And compulsory castration of all scrub bullocks?—A. I would go farther than that, if my hands were not tied. Not only the scrub bulls, but I would enter the pure bred arena, and do some culling.

Q. I had the pure bred scrub in my mind as well.—A. Yes. I think that is one of the fundamental difficulties of progress in cattle improvement.

Q. Could you tell me anything else which would improve the breed of our cattle, both beef and dairying, in so short a time?—A. No, I am quite sure there is nothing else that has as far reaching results.

By Mr. Caldwell:

Q. Because the bull is quite one-half of the herd, when it comes to the question of breeding?—A. Yes, he makes up the whole herd if he is a bad one. That is the difficulty. That doctrine, of course, has been preached, and I believe it is appreciated to a larger extent that we sometimes believe.

By Mr. Sales:

Q. Do you think it would cause any very great inconveniences if this Parliament were to pass legislation governing the bulls? That is, there would not be any great difficulty in securing the supply of good bulls?—A. Not the unregistered bulls; there would be, with the scrub registered bulls. I mean to say, the pure-bred bulls. He is a double menace, if he is a poor proposition, because you have got misplaced faith in him.

By Mr. Caldwell:

Q. He is sort of getting money under false pretences?—A. That is exactly what he is doing, and is very likely to do his greatest harm where it will have the biggest effect.

Q. On the best bred cows?—A. Exactly. The other bull is working more on his own level, and when you get a pure bred bull into places above his level—

Q. You mean up into the aristocracy?—A. That is exactly what it is. The pure blood bred is aristocratic. Anything that has necessary credentials or qualifications is eligible, regardless of merit.

By Mr. Sales:

Q. You think the chief difficulty would not be with the man who is using the scrub, but would be to persuade the breeder of pure bred cattle, that his cattle are not as good as he thinks they are.—A. That is where the rub would come.

An Hon. MEMBER: Could you suggest a remedy for that?

Mr. SALES: Nothing but compulsion.

The WITNESS: It is a big problem.

By Mr. Caldwell:

Q. If the Government did that, they would have to institute tests for butter fat, because if that were not done, how would you know which was a good producing strain? If the Government passed a law that only bulls from mothers and sires with a record performance behind them could be used—.—A. We are working towards that end at the present time, but there is a great deal of credential information being accumulated.

Q. This matter of prohibiting pure registered sires from being used, could not be done until the other was established first?—A. No, sir, you have to get your basis of selection.

By Mr. McKay:

Q. Would a good producing strain continue to be a good producing strain if properly bred?—A. It is likely to; there will be variations within it.

Q. What would you suggest then to improve the milk cow? What action on the part of the Government?—A. Well, it is not easy to make suggestions that the Government may act upon, or take up. There is the process—.

Q. The Ontario Government supplies, I understand, stallions through the western parts of the province, under control of the Government?—A. Exactly.

Q. Would you suggest anything like that?—A. The elimination of the scrub bull by legislation, if you like, and the featuring of better bulls by whatever means can be worked out. There is a lot of that being done in Ontario at the present time, as you men know.

By Mr. Hammell:

Q. I was going to say the Ontario Government made a feature of that at the present time, by letting out bulls to farmers' stock associations?—A. Exactly. I have an idea that it is more applicable to the pure bred business. That is, immediately, although indirectly, its effects would be felt ultimately in our whole cattle population, but taking our mass of pure bred as we have them, they are not good enough. Now, the question arises, how can they be bettered? My idea in that connection is this; that it will take time to work it out, which is true of most things, but I believe our situation is such that what we have got to come to is a more nearly definite preferential class than the pure bred aristocracy. That I understand has been done in some other countries.

By the Chairman:

Q. Where, Professor?—A. In Holland and Denmark and the Scandinavian countries.

By Mr. Sales:

Q. You would suggest a pedigreed book, giving the record of production of these registered animals?—A. Perhaps I can put it better this way. What I would like to know to-day with regard to any pure breds we have in this country is this: what are the animals or families within that breed that stand for the things that will better our cattle? They do not all. I want the elite within that breed segregated if I can get it. That will be partly production, as you say, and partly individuality, because you would not get away from that. That is something to do with the standard. What is perhaps more important than either reproduction grade, which is the best guarantee which we can get for reproduction. That is to say, there are certain strains and families and individuals within given breeds that stand out in those respects. Now, if there were some tangible basis of isolating these, and building around them, using them as a fountain head, as it were, for the improvement of the breeed as a whole. We are doing that more or less in a haphazard way. You have different standards, and they are not related. You have some trade on the show standard, whatever credentials that gives. Then we have the record credential. Then the other fellow picks out his grade and credential, and the odd man in his own way is attempting to put these three together and say "here is what my cattle stands for"; there is no official rating on that score. There is on production.

By Mr. Sales:

Q. Have you any idea how to attempt to deal with this?—A. As I say, I do not believe it can be worked out in a short time, but my idea is—of course it is possible to do things in countries like Holland and Denmark, which are much more difficult here, because of our situation, and the fact that we have a bigger variety of breeds, and they are more scattered, and all that, but I think perhaps the work the Government is doing now, the "arrow-P" work—I think

[Mr. Horace Barton.]

with that they are on the road which ultimately should lead more than merely to record credentials. I think from that you build these other things.

By the CHAIRMAN: Professor, I think that the Committee might be interested if you could tell us how they work this out in Holland and Denmark.

Mr. SALES: Yes, I was going to suggest that.

The WITNESS: Well, their work, as I say, would be difficult to apply here, but as I understand it their stock, in the first place, is not registered as ours is at any age. It has to reach a certain age before it is registered or eligible for registration. That is the condition. That it will not be registered unless subject to inspection.

Mr. SALES: Naturally.

The WITNESS: Ours is registered regardless of inspection.

Mr. SALES: That is good.

The WITNESS: And they have supplemented that with their record of credentials, and then by a process of inspection and analysis of their records the best bulls—they began with three, I think, outstanding in the breed. These were given government credentials.

The CHAIRMAN: What breed did they work on—the Holsteins?—A. Holsteins. They were premium bulls. It was a fine thing for the people who owned these bulls.

Mr. SALES: I don't catch that. You say "premium bulls"?—A. They were known as "premium bulls," if I remember correctly. I have not reviewed that literature for some time.

By Mr. Hammell:

Q. They have to pass a "Civil Service Examination"?—A. Yes, that is it. We have no Civil Service examination for registration. That is a weakness they have in this country. The only thing we depend on for progress is education. I would not buy a pure-bred simply on the stength of its registration for one moment, and neither would any other pure-bred man who has any intelligent understanding of what a pure-bred bull is.

By Mr. Sales:

Q. Go back to these premium bulls.—A. These bulls were put on a pedestal; consequently their blood was at a premium, and they were given, if I remember correctly, a bonus. They were given a bonus provided they stood for service at certain places. They had to comply with certain regulations in order to get this government premium. It did start with a nucleus, as I say, of, I think, three bulls. In the first place it isolated what they considered to be the really top-notch stuff, and in the second place it encouraged the fullest development of that material, and in the third place it was possible to control the use of it in some places. Now then, that is merely an idea. I think the time will come when we will have something equivalent to that in this country. As it is now, here is a man to whom we say he should buy a pure-bred bull. We say he should use good bulls. We agree that is the key to improvement, but here he is, and we say to him he should buy a good pure-bred bull, and he will say " well, where shall I get him, and what shall I get," to many "pedigree" means nothing. Many people do not know the difference between the application form and the registration certificate, so what does pedigree mean to him? The best basis he can work on, and unfortunately he is so situated he cannot work on that completely, because he does most of his trading at long distances—is to buy that bull out of a good cow, so far as he can do it, on the records and credential basis. One of these two things. In Scotland the success of the cattleman in the Ayrshire cattle, I am satisfied, from the stand-

point of bull selection is due to the fact that the bull is bought out of a good cow, and the fellow who buys the bull sees the cow when he buys it. You go to a sale, and you see every bull that is sold accompanied by his dam, in the ring. You do not see that here very often.

By the Chairman:

Q. I suppose the Scotch people believe the sons take after their mother more than their father?—A. They go on that basis.

By Mr. McKay:

Q. Would the dam be a pedigreed as a dam?—A. Yes, sir.

Q. What is your idea of having a pedigreed bull and leaving that bull to every scrub in the country, which you see so very often, bringing in scrub cows to be bulled?—A. Well, that is, I believe, the only basis of improvement, for the scrub.

Q. We see that all through our breeding, in horses. In the Old Country they put every scrub mare in the country to a horse, and you never get first-class stock that way.—A. I think that man who owns the bull or the horse, either, can regulate that in a measure.

By Mr. Sales:

Q. I remember before I left the Old Country, we had what they called the "Hunters' Improvement Society," and they did exactly what the Professor is speaking of. They were taking certain thoroughbred sires, horses, judged by the Government authorities, and given a premium of £100; located in certain districts, nothing but an approved and inspected mare could be served by these horses. Now the improvement there was wonderful, Mr. Chairman, and I take it from the Professor's remarks that they would select beef producing cattle and bring them from distances to be mated with these premium bulls?—A. Of course, the distances there were not great.

Q. In that way, they have raised the standard very considerably?—A. The difference between their system and ours is that while ours is being done, it is a private enterprize here, whereas there, it is by official action.

By the Chairman:

Q. Do you know what steps they took in Holland towards getting the progeny of these premium bulls to the average farmer?—A. I do not, no.

Q. They would have to be sold reasonably cheap?—A. I think they are high class bulls. They were going into better class service, and from those would go the others. They would go down more than one step, I imagine, to the straight commercial farmer.

By Mr. Sales:

Q. We have got off on so many special questions that perhaps we have deflected you from your main line of thought. Are you able to carry it a little further?—A. Well, I was trying to "put across" three ideas, really; one was the self-sustaining idea as applied to the farmer. It seems to me if I were farming tomorrow and with dairy cattle as my basic feature—as a matter of fact, I am, in an indirect way—one of my objects would be to make that farm as self-sustaining as possible, from as many angles as I could, having dairy cattle, if you like, as the major feature. The next big key of the situation, I think, is the efficient live stock, or efficient cows. Then to develop it to its capacity. Now, all of our dairy farms are not developed to their capacity for milk production. That is explained, I think, in a large measure on the ground of practicability from a labour standpoint.

By Mr. Elliott:

Q. With regard to this point you are discussing. What means would you suggest to the Committee to lower the cost of production of milk, for instance, to the farmer?—A. Lowering the cost of production? I think there are many farms, perhaps, on which it cannot be lowered directly, but there are many on which it can be lowered to some extent directly, and some indirectly. Feed is the big cost of milk. That is the place to start.

Mr. BRETHEN: But get a good cow first?—A. That is part of the equipment. I was taking her to start with. Efficient cows—I am emphasizing that. I think that is the big thing. I am assuming that. That is where I would like to start, looking at the industry as a whole, to raise our level of the cows.

By Mr. Caldwell:

Q. Our aim is to find out what the Government can do.—A. I know that.

Q. Now, regarding efficient cows, I think it is the most vital fact in the whole thing. Would you recommend that the Government make it possible by having men qualified to inspect the cows for production of butter fat, so a man would know which of his cows were good? Would it enable the farmer to have the apparatus to test it himself. The cow which gives the biggest flow of milk may not test as high?—A. That service is now available.

Q. To what degree?—A. I imagine to any degree to which they want to use it. In both respects, that is the grade cattleman, or the pure bred man. It is on a different basis in each case. In the case of the pure bred man, he has the record of performance which enables him to put his cow on test. It does not cost him anything, except the board of the man,—that is all, really. Of course, he brings him to and from the station. That is the only expense he has.

Q. I might say we had that for one summer in New Brunswick, and it was discontinued, and we can not get it any farther.

HON. DR. TOLMIE: A pure bred herd?

Mr. CALDWELL: Yes, and there were graded herds being tested for butter fat at the same time. We gathered samples and sent them to a central point, and tested them.

The WITNESS: You were in the business of the commercial graded herds. That was a dairy centre, and you were working through the dairy division, but the R. O. P. is intended for the pure bred breedeers. If you want to enter any of your cows in the R. O. P.

By the Chairman:

Q. What is the R. O. P.?—A. Record of Performance.

By Mr. Caldwell:

Q. That is not practicable. That is what I want to get at, not something that is for the benefit of one man here and one man there, but something that will benefit the whole industry as a whole. If the Government will provide men qualified to go out and test milk, to see how high it is, in some centre, would not that be a more economical method? We tried that in New Brunswick. One man gathered samples and took them to the centre, for testing. I could hardly understand why they discontinued it, because we appreciated the service. It enabled the farmers to weed out the cows which they thought were very good cows at the time. They found out they did not have the butter fat. There was no butter in it.

The WITNESS: That is still being done. There may be some local factor in each case. I know it is still being done in Ontario and Quebec.

By Mr. Caldwell:

Q. What are the conditions; do you have to have a number of cows to get these services?—A. You have an organization, your local dairy centre; I cannot give you the regulations off-hand.

Q. Do you think that is one of the big things in improving the conditions? —A. Absolutely.

Q. For instance in reducing the cost of production.—A. Yes.

That is a big thing.—A. Yes.

Q. Feeding comes next?—A. Yes.

By the Chairman:

Q. Good animals, good feeding, and then what is the third thing you wanted to emphasize?—A. Fuller farm capacity production.

By Mr. Caldwell:

Q. With regard to our country, in the Maritime Provinces, that is not a corn country, you cannot use silage.—A. Grow oats, peas and vegetables.

Q. Would you recommend the growing of that for silage?—A. I would.

Q. What is its value as compared with dry cured hay, with regard to putting it in a silo, the oats, peas, and vegetables?—A. Of course, you have a big shrinkage, it is on the basis of about one to three.

Q. In actual feeding value?—A. Yes, approximately.

By Mr. Elliott:

Q. Professor Barton, from what you have said I would gather that your suggestions to the average farmer in the way of lowering his production costs would first be to cut out his cows that were not profitable?—A. Yes.

Q. In doing that he would have the extra feed for the good cows, save labour and ultimately produce at a very much lower cost?—A. Yes. I would like to see, if we had perfection, we would have every grade cow in the country on production, every grade cow in the country being recorded.

By Mr. Caldwell:

Q. As well as the pure-breds?—A. There is nothing that will bring home the truth like the facts.

By Hon. Mr. Tolmie:

Q. It is from 4,000 pounds now?—A. Yes. That seems unbelievable; there must be some awful drones.

By Mr. Caldwell:

Q. Every grade cow?—A. Yes, for all dairy cows.

Q. Including the dairy cows?—A. Yes.

By the Hon. Mr. Tolmie:

Q. What should it be?—A. I should hate to base anything on under 6,000 pounds. That does not seem so much, but if you take commercial production you will find that it is going pretty good.

By Mr. Sales:

Q. How high can you go, how high have you gone in your own department? —A. Of course, we have a mixture of breeds.

Q. The individual cow?—A. I would say that, to give you a range, the man who is averaging 8,000 to 10,000 pounds is a tip-top dairyman; that is under present farm conditions.

By the Chairman:

Q. What are your largest producers? What have your largest producers done at Ste. Anne?—A. We have one cow furnishing a record now of 16,000.

By Mr. Sales:

Q. She has not been fed in the ordinary way a farmer would feed her?—A. No, sir, but she has produced milk economically under our system.

By Mr. Caldwell:

Q. She has been scientifically fed?—A. She has been economically fed.

Q. Which means scientifically fed?—A. Possibly.

By the Chairman:

Q. Have you considered, Professor Barton, the advisability of farmers sending in their milk to large cities, and have you considered whether or no the farmer is getting a fair share of the price which the consumer is paying for his milk; have you looked into that at all?—A. Yes, I have had something to do with it.

Q. Would you give us the benefit of your views?—A. The farmer does not seem to be getting even the bigger half of the consumer's cost. The question of milk distribution is a big one, it is a highly organized business, and our distributors, of course, claim that they cannot operate on anything less than they are getting, which in Montreal is more than they are paying the farmer.

Q. What are they paying the farmer in Montreal, do you remember?—A. They are getting 20 cents net.

Q. That is 5 cents a quart. What are the consumers in Montreal paying?—A. About 12 cents.

By Mr. Sales:

Q. That means 5 cents, delivered by the farmer to the city of Montreal?—A. It is 20 cents net to the farmer.

Q. How far do they bring that milk?—A. That is one of the weaknesses of the situation, they bring it too far, they are all trying to get into dairying, they are shipping milk to Montreal from a radius of possibly 150 miles or nearly that.

Q. The farmer gets 5 cents per quart; what does it cost him to produce it?—A. I cannot give the actual farm figures, I think possibly Mr. Leitch can give you that information. I have my own ideas, though.

By the Chairman:

Q. How do you size it up, what do you think it costs him?—A. I think it costs him just about what he is getting.

Q. Without the labour?—A. If he includes all the factors.

Q. If he takes it to the nearest cheese factory what does he get for it?—A. That is a summer proposition, of course.

By Mr. Caldwell:

Q. Only?—A. Only.

Q. I want to ask a question here. In the Maritime Provinces we have very poor facilities for this work. We have no creameries, even. What is the prospect of a man dairying under these conditions?—A. What you have to do in that situation, as I see it, is to feature mixed farming, keep away from being a dairy specialist, diversify your system.

Q. You must keeps hogs in that case?—A. Absolutely. The return you are going to get from dairying is going to depend on how you capitalize your skim

milk, and you have to supplement that, I think, with certain crop sales as well. It might be potatoes, it might be apples, it might be any one of a number of things, but I believe you have to round it out into a more diversified practice.

By Mr. Sutherland:

Q. If you were situated, say, in some portion of the country where you had good pasturage and could ship it in a creamery a short distance, you would be liable to pay there, as liable as anywhere?—A. Absolutely. I think you are well situated.

By Mr. Hammel:

Q. Have you had any experience with a cost system of production, where farmers ship their cream only? Now, in the constituency which I represent, that is one of the big industries, shipping their cream, separated cream, to Toronto, practically all of it it goes to Toronto. What do you think of that, have you anything on that?—A. I think their milk should cost them less, under those conditions.

By Mr. Caldwell:

Q. Because they have the skim milk?—A. Yes.

Q. And they carry a side line?—A. Yes, and their lands should not be so valuable, and they would not have so much overhead.

By Mr. Hammel:

Q. I might say that is one of the chief occupations up there at the present time?—A. I would say the same about that type of farming as suggested for the Maritime Provinces. I think that is a mixed farming proposition.

Q. That does away with a whole lot of drudgery on the farm, and it is fairly satisfactory?—A. Yes. It calls, I believe, for a skilled man with live stock to make the fullest use of that milk product. I am thinking at the moment of a man I know intimately, not working on a big scale, but doing very well. He ships cream to the city of Ottawa. Last year he sold $1,000 worth of hogs, and the only cash outlay he had on those hogs was two tons of middlings. He produced these hogs on the skim milk and a few acres of corn he grew for hog feed. Incidentally, that is my idea of a self-sustaining farm. We have let the silo in itself, as good as it is, I think, carry us too far. But I think that has been carried too far. This man has found it possible to take care of a small piece of corn land, two or three acres, and that made all the difference in the world for the amount of feed he had to buy for those hogs. He took $1,000 last year, and about the same the year before.

By Mr. Caldwell:

Q. Have you had any experience in growing rape for young pigs?—A. Yes, we have. That is in keeping with the same idea. I do not think there is any money in hogs. You have to buy all the feeding that goes into them and I do not think there is anything in it.

Q. But with milk and rape you can grow them for two or three months?—With milk or with whey, and with pasture.

Q. I mean skimmed milk?—A. Skimmed milk, or buttermilk. Whey and rape, and pasture of any kind.

Q. Would you buy pasture in rape and fence it off in sections?—A. Yes, I would. The difficulty there is that many of our fields are not fenced.

By Mr. Munro:

Q. How does clover compare with rape for young pigs?—A. Some experiences have been best with rape and some with clover. Personally, I do not think there is much difference. I believe that the one should supplement the other. You have a piece of clover pasture in the early part of the season, and you have rape following it. I think there is a chance to make a handsome return there on a comparatively small piece of land.

By the Chairman:

Q. The idea struck me years ago that there was a field in which cheese-makers might do something, namely the production of fancy cheeses. I have the idea—you will tell me if I am wrong—that in the City of New York there is a tremendous market for fancy cheeses. There are large importations from Switzerland and the continent of Europe. Is there anything to prevent our cheese-makers from taking advantage of that field. I think we make as good Cheddar as is made in the world; is there anything to prevent our cheese-makers from turning their attention to fancy cheeses in order that they might get to that market?—A. I do not think there is. Certainly we can make fancy cheeses. It is a question of economy as compared with the standarized practice. It is being done to some extent, and a few farmers have taken it up privately.

Q. Have you made any experiments along this line at Maconald?—A. Yes, we have made quite a lot of fancy cheeses.

Q. With what success?—A. With fair success. There is a potential market alright, but it would need some development. For instance, the question of distribution for some of the more perishable ones is a problem. But we have been able to sell in the form of fancy cheeses at a pretty good price.

Q. You know that at Oka they make delicious fancy cheeses, but I suppose they have as big market as they want?—A. Their labour does not cost them much and that is one big factor.

Q. It is a monastery, and the monks make the cheese for the Glory of God, so to speak?—A. There is one suggestion that I might make. I am merely throwing it out. I am not a specialist in cheese work at all, but it has occurred to me that our own consumption here should be capable of a lot of development. I am very much inclined to question the present type of cheese from that standpoint. I am speaking purely as a layman from observation and also from the point of view of one who buys some cheese. It does not seem to me that the type of cheese we have here is adapted for that. We want some variety of cheese, some variety in size. I think that is fairly well confirmed by the practice, for when one orders a cheese what does he want? He wants a small cheese, even specially cured if he can get it. I cannot give you the figures, but our people are not cheese-eaters to the extent that they should be.

Q. You think that the cheeses should be put up in smaller packages?—A. I think they could be featured. That would be perhaps one of the requirements. But I do not want to be regarded as a specialist in that line.

By Mr. Sales:

Q. That is right. The cheese I would want to buy is cheese of the same size and weight as they have in the Old Country, Stilton Cheese of about eight pounds. I would buy that all the time.—A. That is the way we have made them at the College, and there has been a ready sale.

By Mr. Hammell:

Q. Do you not think that advertising would help?—A. I think it would.

APPENDIX No. 3

By Mr. Sales:

Q. Is your province pretty well supplied with creameries and cheese factories?—A. Yes.

Q. There is no great distance to haul it?—A. No, they are hauling it further and further as time goes on, because of the organization of the cream trade.

Q. They are hauling it to cities instead of to the local factories?—A. Yes, the difficulty with a number of factories and creameries is the inroads of the fresh milk man.

Q. They are finding a more profitable business, or they would not take it up?—A. That is the trouble. It makes the small factories still smaller, and is an added problem.

Q. If they are sending milk to Montreal a distance of 150 miles say, and are getting five cents a quart, and it is costing them five cents to produce, it would be a losing game if they shipped it to the cheese factory or to the local creamery. They would get less for it there?—A. They are sending it to the city factory under summer conditions, and the cheese factory man is operating at a lower cost. It is not costing him that much. I am speaking of the man who is shipping milk in the winter at the winter price.

Q. You mentioned the winter price. Is five cents a quart the winter price? —A. Yes.

Q. The sumer price would be lower than that?—A. Probably. It is not set for the summer yet, so far as I know.

Q. But it is lower?—A. Yes, usually it is. It pays a man ready cash. The trouble is there are too many in it. Take Montreal—I do not know how many counties, but probably there are a dozen different counties shipping to Montreal, more than that, probably 20 counties, and there are a number in Ontario as well as in Quebec. These counties are doing a number of other things in dairying, and just as soon as the price in Montreal becomes attractive, and those men get through hauling wood and want something for the winter, the thing that appeals to them is selling milk and cream, and they switch around to the milk business. I could take two counties that would supply Montreal with all its requirements.

Q. Are you pointing to the danger of over-production?—A. I am pointing to the condition in the milk trade.

By Mr. Hammell:

Q. That same danger does not exist in the cream business. You mentioned that the whole milk trade brought ready cash. Do you not think that shipping their cream brings as much ready cash?—A. No, it does not.

By Mr. Caldwell:

Q. It represents more by-products on the farm?—A. Yes, but you have to realize that the by-products on the cream do not pay as well as the milk.

By Mr. Sales:

Q. What are you going to do when you have all those good cows, all those high producing cows, in the hands of every farmer in Quebec?—A. I would have cheaper milk.

The CHAIRMAN: Our people might drink more milk if it was cheaper and better.

Mr. SALES: And buy more cheese

The CHAIRMAN: I do not wish to have the witness come back another day, and I know that Professor Leitch has some figures to give us.

By Mr. Elliott:

Q. Before we finish with this witness, I would like to ask a question. You have been arguing that in order to make farming a profitable business, it must be carried on on a self-sustaining basis?—A. On a self-sustaining basis.

Q. Are we to infer from that that farming cannot be carried on on purely commercial basis?—A. I would not say that it cannot, but it would be with great difficulty.

By Mr. Munro:

Q. Do you think it is possible under our present conditions?—A. I have not seen it demonstrated.

The CHAIRMAN: Thank you very much for your evidence.

Professor A. LEITCH recalled and further examined.

By Mr. Caldwell:

Q. I would like to revert to the item of beef. In the cost of production of beef you allow $927, for farm labour; that is, for farm wages?—A. Yes.

Q. And you found that he had a deficit of $460?—A. Yes.

Q. Would it not be better to deduct that $460 from what the farmer received. You said that this farmer was getting 26 cents an hour, while in reality he was getting less than 13 cents?—A. That would have been the correct procedure, but before we ever knew how the farm turned out, we had to adopt arbitrary figures.

Q. For the purpose of putting them on record here, we want the facts. We do not want them clothed with other information, and I think it would be better if the information we receive were stripped of other things?—A. I do not know that I can quite agree with you because those farms did actually pay $927, but he spent more money than he got.

By Mr. Robinson:

Q. The loss was not on the labour?—A. It was not on the farm, it was because his personal expenditure was more than his revenue. He spent more money than he was justified in spending on the basis of his farm.

By Mr. Caldwell:

Q. The $927 was part of the revenue that he got?—A. Yes.

Q. And the $420 he did not get. I want to make this clear. This other figure must be compared, you will admit, with the deficit in order to know what he had for himself?—A. No, the deficit was in the fact that he spent more than his farm returned. His personal expenditures were higher for the year than his farm would justify. His farm did pay him for the labour, $880 for labour, but that was not enough, for he over-lived to the extent of $460.

Q. Would you say that his living was extravagant?—A. No.

Q. Did he have anything that was not necessary?—A. Farmers as a class do not have things that are not necessary.

Q. Do you think that they had things that were not necessary? Was this not for the necessaries of life?—A. No, we were very particular about picking farms that had abnormal everheads.

By the Chairman:

Q. It is clear to me, I think. The farm paid some eight hundred odd dollars?—A. $927.

Q. This farm gave to the owner of it $927 by way of wages, not necessarily all paid in cash; it might be paid in kind, or in cash. But that is what the farm produced?—A. Yes.

Q. On the other side was the farmer's expenditure, and it was found that the farmer had expended $400 more than his farm had brought him in, either in kind or in cash?—A. Yes.

Q. The farmer therefore, went into capital to that extent?—A. Yes.

Q. That does not affect the figures as to what was the real production either in kind or in cash from the farm; it merely shows the relation which the earning power of the farm stood to the spending of the owner?—A. Exactly.

Mr. SALES: That does not satisfy me, Mr. Chairman. Can we not get the actual returns, what that man sold off the farm?

The CHAIRMAN: You will forgive me if I interrupt for just a moment, but with all due deference, I think you are proceeding along the wrong line, because what the professor was telling us was—he was not dealing with what the farm produced by way of cash, he was establishing the difference between what the farmer spent and what the farmer made, either in cash or in kind, off the farm which he owned.

WITNESS: Yes.

By Mr. Sales:

Q. I have it noted here, $267 for the house and $769 for supplies and services?—A. Yes.

Q. In addition, I want to know how much he sold?—A. I do not know that I have the absolute gross revenues of those farms here.

Q. You fix the labour at 26 cents an hour. You can fix it at anything you like and show a loss, but I want to know what was sold off the farm.

Mr. ROBINSON: I do not see how that affects the wages at all. A man might get 56 cents an hour in a factory, and spend 60 cents.

Mr. CALDWELL: But this money is paid out of the operations of the farm.

The CHAIRMAN: That is where you gentlemen are wrong, I think. He is establishing the difference between the expenditure of the owner of the farm and what his farm brought him, either in cash or in kind.

Mr. CALDWELL: I still contend, Mr. Chairman, that I am right if it was meant for clothes for his family, he must be clothed in order to carry on his work. Could we get at it this way.

Q. What was his expenditures for?—A. These expenditures that were made up of $1,222?

Q. Yes.—A. Clothes, purchasing clothes, purchasing meat, anything he purchased for personal consumption. It has not a thing to do with the farm expenses.

Q. Is this the case, Professor, that there was actually consumed on his farm and grown on the farm $796?—A. Yes, sir.

Q. There must have been sold off the farm $927 to pay for the labour? —A. Well, yes. The average gross revenue on these farms, if my memory serves me right, was somewhere around $3,000.

By Mr. Sales:

Q. Then there must have been $898 sold to pay interest on cattle. That brings it to $2,621. That amount was grown on the farm, some of it consumed, and some of it sold, if your figures are right?—A. Yes, there was more than that grown on the farm, because they took in on cash sales alone, and for their beef herd, over $1,600 a year.

Q. You have not given us the sales?—A. Yes I have. What I have given you is this: I have not given you a single thing regarding the farm revenue, the farm expenses or running the farm. I have given you what the farm has returned that farmer after paying all expenses. There was $927 for his labour, and $898 for his interest, and every expense was paid.

Q. All right. Let us clear this point up. You do not think a man could have done with anything less than $1,222 as his personal expenses?—A. Yes, they could.

Mr. GARDINER: He did not say that.

The WITNESS: They will have to do next year. What this means is this: The crops alone for the year ending the 1st of May, 1921, were not sufficient to maintain the farmer on his old standard of living.

By Mr. Sales:

Q. Now, get to this thing. In order to make the thing plain, the farmer must reduce his standard of living?—A. He must either reduce his standard of living or increase the net production from the farm.

By Mr. Caldwell:

Q. Or decrease his cost of production?—A. Yes, he must either decrease his cost of production, increase his net production, or reduce his standard of living. He must do one or the other, because these are his sole sources of income.

By the Chairman:

Q. He must increase the profit or reduce expenditures?—A. Yes.

By Mr. Elliott:

Q. Prof. Leach, in view of your statement regarding these seventeen farms and the final end of it, what recommendation have you to make with regard to improving the conditions of these farms in the way of money invested—capital?—A. Well, the recommendation I would make would necessarily be things that can humanly be done. I would not recommend that we might cover the increased education of farmers to the necessity of a better living. I would recommend the things that can be done now. One of the greatest burdens the farmer has, at the present time, especially in these districts, is the present live stock freight rates. For this reason that he usually pays three freight rates, and this is particularly true in this district in Western Ontario where they buy in cattle to feed. There is a freight rate from the original point where the feeder or stocker or producer is, into Toronto; there is a freight rate from Toronto up to the farm where they are to be fed and finished, and there is a freight rate back to Toronto to be sold. Roughly speaking, taking the average hauls and the present freight rate, depending on the origin of the cattle first of all, it will run anywhere from $7 to $16 a head. Those three freight rates combined. Now, excepting for the farm grown food, that is the biggest single expense in the production of finished beef cattle. It is rather too large an expense for the service; at least it is a greater expense than the industry can bear. Now, I hesitate, of course, to enter into any discussion of what might be a national policy——

BY THE CHAIRMAN: Do not hesitate for a moment, sir. You are here to give us the benefit of your views. We are asking you about them.—A. In that case, I will be absolutely frank. It is a controversial point. One of our railway systems needs such revenue to keep it up to a 10 per cent basis. Another railway should have even greater revenue to meet the deficit. We are suffering from an over-building of the railways in Canada. It is not necessary to enter into the discussion of whose fault it is. It is the fault of every one of us, farmers as well

as everybody else. This over-expansion of railways has been particularly severe on the farmer, or on the producer, whose product is of low intrinsic value. The over-expansion of railways for which farmers are equally responsible with all other citizens of this country, and must bear their share along with other citizens, has also helped to increase the temporary over-production, because it has tended to open up lands in the West and keep under cultivation lands in the West that were not ripe for opening under the world's economic condition. Then again during the good years when the high prices were on, we as a people did not allow the railways as much an increase in freight rates as we should have done in order to enable them to build up that surplus that any legitimate business should have in the inflation, so that they could meet deflation. We did not allow that. That is our fault, farmers as well as anybody else. We allowed increases when they were absolutely forced on the people. The last big increase in freight rates, 40 per cent, went into effect on the 30th day of September, 1920, when the bottom had dropped out of everything, and we had to go round with that increase of freight rates at a time when the railroads should have been allowed to accumulate a surplus to take care of the deflation. We will admit these deficits have to be paid. There is some justification for the C. P. R. being kept up to its 10 per cent rate. It is a controversial question, but I see some justification for it. We have to meet it as a people, but how are we to meet it? Is to be loaded on the agriculturist, or should it be put on by general taxation and the farmer bear his share with all citizens? My own private contention is this; that it is not fair to throw this enormous railway burden on the farmers, the primary producers of this country. The agriculturist and the lumbermen, and to some extent the miners. They are the men who bear the burdens, because they have the largest tonnage of a low intrinsic value to move. The farmer should bear his share of this burden, but it should be as fully divided over society in this country, and not have it as an enormous burden on one producing centre, and the only way we can see is a greater disposition of this railway burden over society at large, and not putting it all on agriculture, which even under the best of circumstances is not a profitable business, compared with other businesses putting on them now an undue burden in the railway freight rates. The railway conditions are not the fault of the farmer entirely. They are the fault of society at large.

By Mr. Sales:

Q. Can you prove that statement, that agriculture even under the best circumstances is not a profitable business?—A. It never was, and never can be.

Q. You agree then, Professor, that during history all through the ages, that the man engaged in the tilling of the soil and working longer hours at a less per hour remuneration than any other business?—A. That is undoubtedly the truth, but it is a thing which naturally belongs to the farms.

By the Chairman:

Q. That may be true. Have you got any reason why it should be true, if true?—A. What I meant to say was this, and I want to make it absolutely plain. That compared on a sordid dollar basis, agriculture never has and never will be profitable. It can never be, because people will pay more for land at any time, whether for farming or for real estate purposes—than its present net income will justify, because it is the one commodity we have in this world that cannot be increased in amount, and is bound to go up in value, and these increases of values in the future are always capitalized in the present price. That is the thing that belongs to the land.

By Mr. Caldwell:

Q. Land is sold on its potential value?—A. Always; because it is the one kind of investment that cannot be destroyed; cannot be blown away, and cannot be burned up, and the one kind of investment that gives a man real prestige in his own mind, from owning it.

By the Chairman:

Q. In his own mind?—A. In his own mind. The ownership of land, it is a natural human trait that must be admitted. One of the reasons why agriculture at any time is never profitable the same as other businesses are profitable—is that it takes longer hours of work on the part of those engaged in it to get the same remuneration, that other men will get in other businesses, on account of its security and its stability ,and on account of the fact that there is a human tendency to pay more for land than its net income would jusify, and for that reason agriculture cannot be compared with other business on the basis of profit on an investment.

By Mr. Sales:

Q. On the question of land. You do not mind reverting back? You mentioned that land had been opened in the West at the wrong time economically or something of that kind. I forget your statement exactly. What was your statement?—A. Lands were opened before they should have been permanently opened.

By Mr. Caldwell:

Q. Causing over-production?—A. Temporary over-production. It was not in war years, but it was the years since 1920, for instance.

By Mr. Sales:

Q. What would happen if we could procure a tremendous immigration to settle a great portion of the land in the West. What would the result be?—A. My opinion of the improvement in the future is that before the effects, in increased production by any immigration policy can be put into effect, that our temporary under-consumption (I do not like to say over-production; that is not what we have got in the world now; it is under-consumption)—will be partially cured, even if we have—I would not say " unrestricted immigration policy " should be adopted—I do not think that is right at any time, but a carefully planned immigration policy at the time it is put into effect, and an increase of production resulting from that. I think that possibly the world will be back again in a consumption under a somewhat more normal basis.

By Mr. Caldwell:

Q. Is that not some time in the future?—A. Yes, not in the next year or two.

By the Chairman:

Q. Is it not true, Professor, that if Europe had all they wanted to eat, and the wherewithal for making the exchange for its food requirements, we would have no question of over-production in this country?—A. Absolutely no question about that.

By Mr. Caldwell:

Q. That is also some time in the future?—A. Yes, until the European countries have a stabilized government I believe that condition will exist.

Mr. CALDWELL: I would like to ask a question before we get away from freight rates.

Q. You spoke of the three freight rates, on feed cattle in Ontario. Have you any statistics on the Maritime Provinces?—A. No, I have not; only for Ontario. I prepared a case for the Eastern Canadian Livestock Union, which was presented before the Board of Railway Commissioners in June of 1921.

Mr. CALDWELL: Might I make a few brief remarks on this, Mr. Chairman?

The CHAIRMAN: Yes, certainly.

Mr. CALDWELL: Our situation in the Maritime Provinces is this, and it is worse than that in Ontario by far in regard to freight. We have no abattoirs nor cold storage in the Maritime Provinces to handle our beef, in warm weather especially. Our live stock must be shipped to Montreal, and they have to pay the freight to Montreal in order to get the advantages of the abattoir and the cold storage. Our meat products are shipped back to the Maritime Provinces, in refrigerator cars and we have to pay very high rate of freight on that, as well as paying the freight on the live stock to Montreal, and for that reason the growers of our cattle in the Maritime Provinces cannot get near the cost of feeding them, let alone labour for attending them, and while our farmers in the Maritime Provinces have been specializing in potatoes, in large sections, they would like to go into the cattle growing business, if we had some way of getting even the cost of production. I think that is about all I have to say.

The CHAIRMAN: Shall we turn to the milk business.

The WITNESS: I have figures on the cost of milk production brought fairly well up to date.

By the Chairman:

Q. Forgive me for interjecting, but I would like you before you go home to give the Clerk of the Committee some of these tables you have got, so we can incorporate them in our report if we deem it wise to do so.—A. All right sir. For the year ending in May 1921,—this information is derived from seventeen Oxford County farms selected on the same basis as the seventeen Dufferin farms—

By the Chairman:

Q. Where did you say?—A. Oxford County. That is our chief dairy country in Ontario.

Q. Inhabited by thrifty people?—A. Yes. Dairymen are naturally thrifty. They have to be. The average cost which included all the cash expenses, all the 100 per cent of the farm values of the farmers growing feed, is about nine hundred odd dollars—$948, to the average farm owner, for his labour, and 5 per cent interest on the investment in cows, and on the buildings and equipment which go with his cows. The average cost for the year ending May, 1921 was $2.70 per 100 pounds.

By Mr. McKay:

Q. What percentage of milk?—A. It would be about 3·5 milk. It is practically all sold as fluid milk.

By the Chairman:

Q. $2.76, did you say?—A. $2.70 per 100 pounds.

Q. For milk with butter fat contents of 3·5?—A. About 3·5, yes. And now this milk was sold—some small part of it came to Toronto as fluid milk. The rest of it went to the condensors or cheese factories, and the average price

received was $2.70. It was really $2.703 cents. The sale of the milk just met the cost of production. That cost of production included 5 per cent profit on the investment, and 26 cents an hour for the farmer's own labour.

By the Chairman:

Q. Will you forgive me for interjecting something here. You say 5 per cent of profit on the investment?—A. Yes.

Q. As a matter of fact, could farm mortgages be obtained at that time at 5 per cent?—A. No, not at that time.

Mr. SALES: We pay eight.

Mr. CALDWELL: That is not 5 per cent profit; it is 5 per cent interest.

The WITNESS: Yes, the cows, the buildings housing the cows, the buildings used in the production of milk.

Q. That does not go to the milk?—A. The interest on the pasture land, but the crops pay the interest on the crop land. Now, for the year ending in May, 1922, I may say, the cost per one hundred was $1.95. There was a reduction of 75 cents. The average sale price received was $1.83. Now, I have to make an estimate of the year ending in May, 1923 because that is not completed yet. If the two material requirements for the two previous years of the crops on hand, and the present price remains about the same, I would estimate the cost of production will be about $1.70, and if there is no change in the prices received in the next two months, the average price received will be $1.65.

By Mr. Sales:

Q. Still below the cost of production?—A. Yes. There would not be 5 per cent interest in 1922 or 1923.

By the Chairman:

Q. But, Professor, in all this you are charging against milk production the full value of the crops that would feed the cows?—A. Yes, for the milk production.

Q. And in that fashion the farmer might make a profit?—A. Yes, whatever profits there were in growing the crops at those prices.

By Mr. Caldwell:

Q. What was this crop price based on?—A. The farm market price. The average market price—on what the farmer could have sold it for on the farm.

Q. Have you any suggestion that the sale price of that crop was a market price?—A. Yes, we have the cost of every crop grown on the farm.

Q. Just briefly, the sale price would be for grain?—A. It would, yes. Well, it would not be on the corn silage; it would just about break even on the cereal grains. Included in the cost there was an interest on the land. That would be a profit to him.

Q. At what rate?—A. 5 per cent rate, sir.

Q. Which would not cover the interest?—A. When we started this work in 1917 we set a 5 per cent basis, and we have never departed from it, although interest rates have gone up, and are beginning to come down, but for the sake of study purposes we have left it at this arbitrary 5 per cent rate.

Q. For the sake of accuracy your figures would not be correct? He could not get money at 5 per cent, or even 6 per cent?—A. He could get it for 6 on farm mortgages, excepting for one year; that is 1920. He could not borrow it at 6 per cent from a bank to put in an enterprise like buying cattle.

By Mr. Munro:

Q. What would be the average price of these farm lands?—A. About $95 an acre.

By the Chairman:

Q. Have you got any further information to give us along these lines, before we question you on particular points?—A. I would like to make one statement. Of all the types of farming we have in Ontario, the dairy business has stood this deflation period better than any other. These figures I have shown you give in the worst year, ending in May, 1922, following a rather poor crop year of 1921, the losses—an obvious loss of 12 cents a hundred pounds which is a little less than the interest, and would seem to indicate that the business has stood the strain better than any other business.

Now, I do not know just what I could say further excepting I would like to back up what Prof. Barton said regarding the tendency towards strict specialization in dairying. For the average dairy farmer specialization in the production of milk only is a very dangerous procedure. It belongs to the realm of artists. The man who has got the ability, whether inherited or acquired, of getting enormously high yields out of the cattle, by raising pure-bred stock, and making it profitable—that man should confine his efforts to specializing in dairying, but the proportion of these men is very small. In our second survey of Oxford county, which covers 437 farms, we only found 20 men you could put into that class.

The CHAIRMAN: Less than 5 per cent?—A. Yes, who found it profitable to specialize. Now among them all—that is putting them all in—we found the men who get about 66 per cent—two-thirds of their income through the dairy herd, and the other one-third from all other sources, the selling of crops, raising of horses, and crops—these men made an average of $500 a year more for their labour than did the extreme specialist, who had better cows.

By Mr. Caldwell:

Q. Those 20 men found they made a success of it?—A. Yes, because they made the most money of any.

Q. But on the average?—A. On the average—taking them all, even the 20, wherever they came (some of them were not exactly specializing, but with the 20 men who could have made money by specializing, because they could have gotten a large enough yield from the cows)—we found that farmers who got within one-half of their revenue from milk, made an average labour return of $861; that is what they had for their own labour after allowing interest and everything. The farmer who earned two-thirds on milk, got $1,485. That is $600 more on farms of the same size. Now, the farmers who got 90 to 100 per cent of their revenue from milk only made $986, very little more than the other farmers in the district, although they had cows which gave $134 worth of milk on the average.

Q. What was the average size of these farms?—A. 113 acres. That was the average size of the whole 400 odd farms. Now, these men who produce two-thirds of the revenue from milk and make the greatest return thereby—their cows were not quite as good as those of the men who specialized to the extent of getting 90 per cent of their revenue from milk. The cows did not give within $26 apiece as much milk, but in spite of that fact, and on account of the diversity of their business and their sources of revenue, that could be profitably incorporated in a dairy farm, because this was, after all, the final test—pretty nearly $500 a year more for the year's labour, although they did not have quite as good cows.

By the Chairman:

Q. But they would not have to work any harder than the owners of the pure-bred cows?—A. No. Possibly they would have it a little easier than the man who specialized in the milk production, to keep their herd up to capacity during the whole twelve months.

Q. What about the cost of the feed in this case, Professor; that is, as compared with the man who has, say, 50 per cent, and one who has almost 100 per cent?—A. As far as the cost of feed is concerned, the man who specializes the most has the largest feed purchases for the farm, but the cost of feed per annum—I do not know that we have ever actually worked that out, but it would be in somewhat the same proportion as the milk sold per pound.

By the Chairman:

Q. Professor Leitch, have you at all looked into the question of the returns obtained by farmers who supplied milk to the cities, in relation to the price that the consumer in the cities pays for the milk?—A. We started that study just this week, to investigate the dairy distributing plants of Ontario, but we just got started on Monday. I have made a general study of the thing, in working out the plan, just taking the profits of the dairy companies where I could get them; some of them are public property, such as the City Dairy of Toronto, because it was mentioned in the paper, and knowing pretty nearly the volume of milk that they handled, I know this, as far as Toronto is concerned that the distributors are operating on a very narrow margin in Toronto.

By Mr. Hammell:

Q. You know something of the Farmers' Dairy in Toronto?—A. Yes. I would say this generally, that the Toronto dairies are operating—that is, while they have from 5½ to 6 cents spread from what they pay the farmer to what they get from the consumer—I would say their profits run less than a half cent per quart.

By the Chairman:

Q. That may represent, in a year, a very handsome return on capital?—A. Yes. As far as the City Dairy is concerned they distributed their ordinary 8 per cent dividend, and an additional bonus of somewhere around 15 per cent, but on the unit of the quart it was a very narrow margin.

By Mr. Caldwell:

Q. That is a very big dairy?—A. Yes. The smaller dairies—I know they have hard sledding, just manage to live.

By the Chairman:

Q. What is paid the farmers who produce for the market, and what is paid by consumers in Toronto?—A. The farmers are getting, roughly, $2 a hundred, net, at the farm, the same as in Montreal, and the sale price of milk is 17 pint tickets for one dollar.

Q. What is that a quart?—A. Approximately 12 cents. The farmers are getting, at the present time, a little over 5 cents a quart net, and there is a little over a cent in addition for transportation charges, railway or truck, to the dairy. They are operating on about a 6 cent margin.

By Mr. Sales:

Q. Where does it go, this 6 cent margin?—A. Most of it goes in the cost of distribution, actual cash cost.

[Mr. Archibald Leitch.]

By Mr. Caldwell:

Q. Is this not a fact, that you will often see three different rigs possibly in one street at one time, delivering milk?—A. Yes; there is a certain amount, probably, of illegimate overlapping, that would be better for society if it was cut out.

Q. There are numberless distributing agencies in Toronto?

Mr. HAMMELL: Practically only two.

The WITNESS: There are 47 in Toronto, but two of them, I believe, sell 67 per cent of the milk.

By Mr. Milne:

Q. There are 47 distributing?—A. Yes.

By the Chairman:

Q. Two of them sell how much?—A. Very close to two-thirds of the milk.

By Mr. Caldwell:

Q. Would there not be a possibility of a saving in distribution if they were combined in one distributing agency?—A. That is a doubtful question; I would hate to answer that. The competition between these two companies has done more to make efficient distribution of milk in Toronto than anything I know of.

By Mr. Caldwell:

Q. Still, it takes 6 cents a quart to distribute?—A. It appears to be justified. A large part of it can be justified in actual cash cost distribution.

By the Chairman:

Q. Their bottles are quite a considerable item?—A. Yes; a bottle is worth roughly 10 cents, and it will only make 22 trips to a customer.

By Mr. Sales:

Q. How much of that, Professor—perhaps you can not tell me—how much of that 6 cents will be as a direct result of the real estate boom and the inflation of land values; what would that part of their overhead cost them, where their plants are situated?—A. That would be a very small proportion. Their biggest cost is their plant cost, pasteurizing, cooling, and bottling, and labour and repairs to wagons for delivering.

Q. In your opinion, apparently, there is not much to be hoped for in the way of a reduction in that 6 cents?—A. The biggest hope for reduction is cutting out a lot of this duplication in delivering; that is, where you have a number of wagons delivering on the one street. That will mean close and harmonious relations between distributing agencies.

Q. The centralization of all our industries into one great city has changed things from the old days, when one would go to this place and another somewhere else, and the farmers around there profited by that. Is this centralization of all our industries into one big city going to bring almost a downfall in our production?—A. That is an impossible question to answer, because while there has been waste and inefficiency and social problems and so on, from the accumulation of people in large cities, there has been undoubtedly important savings also in manufacturing and transportation costs. These cities are located at strategic points, for transportation purposes, and so forth, and I do not think any man could answer that question.

By Mr. Caldwell:

Q. If that is the case, how is it that a binder costs three times what it did ten years ago, and the same with a wagon?—A. Previous to 1916, we were getting binders pretty cheaply, due to the fact that they were accumulating the binder industry in an enormous plant. They made savings by the large volume of business. That would more than compensate for the high costs, the rise in land values, and other problems that arose. It was the natural course of business, I think. Previous to the war we were getting binders, I think, cheaply then, and we would have continued if it had not been for the war.

Q. You say we got them cheap, because of the concentration of manufacturing; that still holds good to-day?

Mr. HAMMELL: I think we are getting away from the milk question.

Mr. CALDWELL: No, we are into the question of production.

Q. I realize, Professor, that we are putting you up against a hard proposition. If you do not see fit to answer it, I shall not press for an answer?—A. Honestly, I could not give you an answer; I know there are some savings from the concentration of business, also some waste.

Q. It also makes possible combines that can control business?—A. Yes, that is possibly one of the social evils, but if it had been profitable or economically sound to continue manufacturing in small units, it would have been continued.

By Mr. Sales:

Q. I do mean necessarily in small units. Take the Ford industry, for instance. It is big enough to locate in any place, and it is a highly specialized organization. If you brought it away from the big city, where there is a big population around, do you not think that would be advantageous?—A. Yes, particularly for the farming population, because their produce would be brought direct to the table of the consumer.

Q. And if the railways were equal to it, it would not hurt the plant?—A. No, if it were located in a place strategically situated for transportation, but evidently the manufacturers building up these concerns do not look at it that way, for they like to locate in a city where transportation conditions are as ideal as possible, and where there is a supply of labour.

Mr. HAMMELL: Just in connection with the distribution of milk, might I make a suggestion, that we hear such men as Mr. Hughes, of the Farmers' Dairy of Toronto, and anyone else of that kind.

Mr. SALES: How about the Ottawa Dairy, right in the city?

The WITNESS: You have the most efficient distributing system in Ottawa of any city in Canada. The milk distribution is carried on by the narrowest margin in Ottawa.

By Mr. Sales:

Q. Which is that?—A. The Ottawa City Dairy.

By the Chairman:

Q. What about the quality of the supply?—A. You mean the quality of the milk produced on the farms?

Q. No, you were talking about Ottawa?—A. I think the quality compares favourably with Toronto.

By Mr. Hammell:

Q. There is another feature. Ottawa is a small place compared to Toronto, and Toronto would be a more representative place. We can hear Mr. Hughes?—A. Yes, or Mr. Northgrave, of the City Dairy.

By Mr. Sales:

Q. You know the Department of Agriculture is advocating mixed farming to a large extent to our western people. If that is carried out to any appreciable extent, it will mean the competition of the West in butter and cheese, butter especially. What effect will that have?—A. Under present conditions the quality of Canada's butter supply—of course, it can have but one effect, and that is to reduce the price.

By Mr. Hammell:

Q. What about our export surplus?—A. That cannot readily compete, on account of its quality, with the countries of Denmark and Australia.

By the Chairman:

Q. We do not make as good butter as Australia?—A. No.

By Mr. Caldwell:

Q. We do not have the grading?—A. The three western provinces make butter that is a credit to this country. Ontario and Quebec butter is a disgrace to the country.

Q. How about the Maritime Provinces?—A. I could not say.

By the Chairman:

Q. Professor Leitch, give us the reasons for our falling down in butter production, and give us some remedy.—A. Up to two years ago, we did not make enough butter in Ontario to supply our own home demand, and since we were just making enough, or not quite enough for the home demand, the price was good. Our people, the consumers of Ontario, are not quite educated to a high quality of butter, they are easily satisfied, but two years ago we had a little surplus to export from Ontario, and it went over to England, a large part of it, and made a very bad reputation for itself as compared with the butter from Denmark and Australia and Western Canada, but the quality reflected on all Canadian butter.

By Mr. Sales:

Q. The West has a system of grading the cream which the Ontario farmer objects to?—A. Yes. Now, as to creamery butter, we do not make very much more in Ontario than we can consume, but we export 85 per cent of our cheese out of Ontario, that is, our big dairy commodity in this province. Our cheese has had in the past, and has yet, a fair name in the British market, practically all of it goes to Great Britain, but it is steadily losing that reputation to New Zealand.

By the Chairman:

Q. To New Zealand?—A. Yes, New Zealand is our chief competitor on the British market for cheese. Unless we introduce some system of marketing in this country that reflects back to the producer the desire of the consumer, New Zealand is going to lick us.

Q. Australia makes better butter, and New Zealand makes better cheese?—A. Yes. Here is our position. We can and do make better cheese than New Zealand's best, because our cheese sells for more, our best Canadian cheese, at

all times. It sells for more over the retail counters of England than does the New Zealand cheese, the best cheese, but unfortunately we have too small a proportion of it. New Zealand's best cheese is not quite equal to our best, but her whole supply is uniformly good, and it can be depended on by the trade. They take New Zealand first, and take Canada as a second choice, and the reason we have this large proportion of poor cheese is that there is nothing in our system of marketing to make our cheese factories produce better cheese.

By the Chairman:

Q. What would you suggest as a solution?—A. There is only one solution, and that is a co-operative marketing scheme for the selling of our cheese, a scheme that will see that the low price gets back to the cheese factory that produces it, and the cheese that sells for a high price, that that price gets back to the factory that produces it.

By Mr. Hammell:

Q. The cheese loses its identity?—A. Yes. The system of buying cheese by our present exporters—the system that they have to use, it is not their fault, they pay a flat uniform price for all qualities of cheese, and they are forced into that by the competitive nature of their business.

By Mr. Sales:

Q. Could a system of government grading of cheese be instituted?—A. That would help to regain, on the British market, Canada's name, to see that our good cheese went over as such, and the poor cheese went over as poor cheese.

Q. Would you let the poor cheese go at all?—A. You cannot do anything else. We cannot consume it ourselves, there are not enough of us. The weakness in government grading—it is very good and should have been put in effect long ago—but the weakness is this, that that grading is done after the cheese is bought and paid for at the cheese factories.

By Mr. Hammell:

Q. Let it be done at the factory?—A. No, it must be done by the cheese factories themselves, carrying it further in the market, and enforcing this payment by grading.

By Mr. Sales:

Q. Can you give us any idea of the price received by the men selling milk to the cheese factories?—A. The average price received this year, this last year, would be about $1.33 per hundred pounds.

Q. I visited last summer at the home of one of the milk producers just outside this city, who is connected with the Ottawa Milk Producers, and he gave me this information, that within a radius of ten miles, the man who was producing milk for city use was getting $2 per hundred. Within the radius of the next ten miles, the man selling his milk to the cheese factory was not receiving any more than about 90 cents.—A. At a certain time of year.

Q. When I was there.—A. That was last spring. There was a time in May when it was low.

Q. I asked him the situation, and he said the men getting $2 were making a little money, but the man selling at 90 cents is out of it?—A. Yes.

By Mr. Elliott:

Q. On every hundred pounds of milk that these men sell, the men who supply the milk to cheese factories, they are losing about $1.40?—A. No.

Q. You say the cost of production of milk is $2.70 per hundred?—A. It

was in 1920-21, but in 1923 milk or fluid milk, in condensers, will run about $1.70. There has been a big reduction in costs since then; it was the high peak.

Q. That is $1.70?—A. Yes, that is milk produced for condensers, and for the fluid milk trade. Now, the cheese factory milk costs less than that. It is produced on cheaper land, and there is a by-product in the shape of whey. They do not produce very much milk in the winter time. The cheese factory milk will cost much less.

Q. In Oxford County, for instance, they have a lot of cheese factories, and the land is not low-priced lands by any means?—A. No.

Q. Yet those men must be receiving far less than their actual costs?—A. Yes, but the Oxford County factories will receive more close to one and a half dollars for their milk because they make cheese all the year round.

Q. Their costs are fairly comparable to other Oxford farmers, but they consider that with the hogs that they can raise by sending the cheese to the factory and so forth, they can make just as much money at the cheese factory as if they sold for 20 cents or 30 cents higher to the condenser.

By Mr. Caldwell:

Q. You are speaking of the men supplying only in the summer, and therefore supplying cheaper. Is it not also a disadvantage when the cheese factory closes in the fall, and he is still producing a quantity of milk?—A. A lot of it finds its way to the cities.

Q. Suppose he is out of range of the city?—A. He separates his milk and there is usually a creamery within reasonable haul.

Q. But if there is no creamery within reasonable haul?—A. I do not know of any place in Ontario where there is not a creamery within reasonable distance.

Q. We are speaking of Canada, and there are places where there are not creameries within reasonable distance?—A. I can imagine that down in your province there are lots of dairy farmers who have milk after the cheese factory closes.

Q. The fact is that ten years ago we had a large number of cheese factories in New Brunswick, and there are practically none now. They have gone out of business?—A. The cheese factory must be within easy hauling distance of the milk supply.

By Mr. Sales:

Q. I gather from the remarks of the two gentlemen we have heard that the only salvation for the farmer is as far as possible, to get a self-sustaining farm? —A. Yes. In the dairy business, there is one very important thing that should be put into effect, and that is more co-operative effort for the selling of the product.

By the Chairman:

Q. Have you made a study of that? That is one of the questions we have to deal with?—A. Yes, at the instance of the Minister of Agriculture for Ontario, I did make as full a study as I could make of the whole cheese industry.

Q. Did you write a report on it?—A. Yes, I have a bulletin on it, not only the marketing, but the production of cheese.

Q. Would it be asking too much of you to furnish us with 20 copies of that report?—A. You could get them quicker if your Secretary would write to the Department of Agriculture at Toronto. We do not make a general distribution of those bulletins. That is done by the Department.

Q. What is the name, please?—A. W. O. Galloway, Department of Agriculture, Toronto, and the bulletin is No. 291.

By Mr. Sales:

Q. Are there any other bulletins that you have which would be of service to us?—A. Yes, there are seven or eight which we have published on the farm business, the cost, and so forth, of which they have a supply in Toronto, and which they will be glad to forward.

By the Chairman:

Q. By the same author?—A. They were written by myself and other members of the Department. These studies were all made under my direction.

Q. Will you give us the number of the bulletins?—A. Bulletin No. 291, Bulletin No. 275, Bulletin No. 284, Bulletin No. 288, Bulletin No. 282, Bulletin No. 278, and Bulletin No. 286.

Q. Besides your work as a student and professor at Guelph Agricultural College, have you had any practical experience in agriculture?—A. Oh yes, I was never off the farm until the 1st November, 1920.

Q. Where did you farm?—A. I was raised on a farm down in Stormont County. I was a graduate nearly 20 years ago, at the college, and from 1905 until 1915, when I came back to the College after ten years in charge of the College farm and live stock, and during those ten years I had been managing large commercial farms.

Q. Down in Stormont County?—A. One in Hastings County, one in York County, one in Welland County, and I was also in Iowa. The Iowa farm was a college farm. I had charge of the college farm and live stock from 1915 until the fall of 1919, four years.

Q. The farmer on the high priced farm is having pretty hard times these days?—A. Yes, entirely on account of that high price.

Mr. SALES: I was going to suggest that as Professor Leitch seems to be possessed of a wonderful fund of information which would be of value to this Committee, we should avail ourselves of it. You will see from our agenda, Professor, the scope of this Committee, and I think we might with advantage ask the Professor to appear before us on some future occasion.

The CHAIRMAN: I think it would be of great benefit to the Committee if the Professor would be good enough to help us again. I would make this suggestion to him; if he would take our agenda and look it over—it is broader than we can possibly cover in all its aspects—but if the Professor would indicate to us a few of the lines on which he has made a special study, we would be glad to avail ourselves of his help at a future date. There are two questions which we want to go into, among others, and these are the co-operative system of marketing, and rural credits. Then there are a few fundamental questions which we are anxious to investigate. One is number 3:

> "Because of the difference between the prices of agricultural products paid to the producer and the ultimate cost of the same to the consumer."

And No. 4:

> "The relation of prices of commodities purchased by agricultural producers and the prices obtained by such producers for their own products."

These are two very fundamental questions. The clerk will furnish you with a file of the proceedings of this Committee up to date, and I think I may say that we would be very glad if Professor Barton would look into these matters in the same way and help us.

By Mr. Elliott:

Q. Might I ask another question? You have heard Professor Barton's statement regarding the farms giving the greatest amount of profit, those farms that he calls "self-sustaining." You agree with that statement?—A. Yes.

Q. Well, do you consider that farming could be carried on as a strictly business venture?—A. Not the ordinary type of farm; not mixed farming, or dairy farming.

Q. Any type?—A. Well, I imagine the ranching business could be carried on as a purely business proposition, but any type of farming which requires devotion of considerable amount of labour per acre—

By Mr. Sales:

Q. You heard what Professor Barton said about increasing the quality of that stock, by decreasing the scrub stock and increasing the pure bred in the herd. Do you agree with him?—A. Yes, I certainly do not agree with Professor Barton regarding the expediency by legislation of abolishing the scrub bull, because I do not think it could be done. In my travels around Ontario I have had a chance to see the psychological effect of compulsory legislation on things which people do not believe is the Government's business. Take for instance the Dairy Standard Act in Ontario. That is an Act to enforce the payment of milk by tests. That is an Act which there is no argument against, either on the matter of justice, or the matter of expediency, and yet the people believe that it is not the Government's business how people shall sell their products, as long as they are satisfied themselves. Of course, you know what would happen if the Government introduced legislation to abolish the scrub bull. It would take an enforcement officer for every farm in Ontario.

By the Chairman:

Q. As a matter of fact, our English speaking folk do not take kindly to socialistic legislation?—A. No.

By Mr. Elliott:

Q. Professor, do you think fruit farming could be made profitable in a specialized way?—A. Yes. That really is a specialty. In the fruit district the land adapted for fruit growing is priced so high—

By the Chairman:

Q. The price of the land get so high?—A. Yes.

By Mr. Caldwell:

Q. Would you agree with Professor Barton that the testing of milk for the contents of butter fat is the most efficient way of finding out whether your cows are profitable or not?—A. Yes, a combination of weighing the milk and the testing of it.

Q. That naturally goes with it, of course?—A. Yes. That is the only way you can find out.

Q. That is, the most important feature of making milk production or dairying profitable—A. Yes.

Q. It is the foundation of the whole thing?—A. Yes. You must discover what you have got, that is not up to the mark, and you must intensify what is up to the mark.

Mr. HAMMELL: Before we adjourn, might we not mention whom we are going to summon on some of these other questions, such as rural credits?

The CHAIRMAN: What I thought of doing, gentlemen, was this: We have our work planned for tomorrow, that is, certain people are coming up tomorrow, and I thought that we should have a meeting and work out our agenda, and see how we will proceed.

Mr. SALES: We can do that on Friday.

The CHAIRMAN: Friday or Saturday.

Mr. HAMMELL: It will take some time to communicate with these gentlemen.

The CHAIRMAN: It does.

Mr. HAMMELL: And to meet their convenience we might have a little delay.

The CHAIRMAN: My idea was at first to try and get started, and at work, and we have had very little delay in starting, so far. I agree with you, Mr. Hammell, that we must get out our work in advance.

The Committee adjourned until Thursday March 15th, at 3.30 p.m.

HOUSE OF COMMONS,
COMMITTEE ROOM 268,
THURSDAY, March 15, 1923.

The Special Committee appointed to inquire into agricultural conditions throughout Canada met at 3.30 p.m., Mr. McMaster, the chairman, presiding.

The CHAIRMAN: The committee will please come to order. Mr. Robinson, you have a resolution you wish to bring before us?

Mr. ROBINSON: Yes.

The CHAIRMAN: I will read it. Moved by Mr. Robinson, seconded by Mr. Caldwell. (Reads.)

> "Whereas the Federal Grant to the provinces under the Agricultural Instruction Act has been reduced from $1,100,000 to $900,000, entailing a reduction in the amount each province shall receive, and
>
> "Whereas the amount each province is to receive under the Act is based partly on its population, and
>
> "Whereas the province is required to use the money for agricultural purposes only:
>
> "Resolved that this committee recommend that the rural population only, of each province be used as the basis for the distribution of the Agricultural Instruction Grant to each province in the future."

Mr. ROBINSON: I would just like to say a few words in reference to this resolution.

You know, during the last ten years there has been a vote for the purposes of encouraging agricultural instruction. The money is distributed, as I understand it, in two ways, first, each province gets an out-and-out grant of $20,000 and the remainder is distributed among the provinces in proportion to their population. Now, the amount has been decreased from $1,100,000, to $900,000, and of course that will bring about a smaller amount to be divided among the various provinces for the next year. Of course, that means a certain amount of the loss

to each province, and the effect of this will be that possibly the agricultural instruction which has been carried on for the past ten years, will not be carried on as efficiently as it has been in the past. I might say, in my province, and I know also in the province of New Brunswick, the agricultural instruction which has been carried on in the rural schools has been of great value. I know that is true in the western provinces. I do not think there is anybody who will deny that. That has been spoken of in the House at the time by various members, and I think everybody realizes the importance of having a certain amount of agricultural education, in the form of instruction given in the rural districts. The very minute that you take the schools and make them all as if they were city schools—and I might say here that the course of study is prepared in the first place for the schools of cities rather than the schools of agricultural districts —the very minute you take and apply that course of study to the rural schools, it tends to take the children, or educate them away from the land, instead of toward it. Now, as I understand it, this money in the first place was voted for that particular purpose, of encouraging enlarged agricultural education, so that the children might have greater interest roused in the affairs relating to agriculture. The complaint, you know, has always been that the high school course, or in fact any school course, has a tendency to educate people away from the land, away from the farms, and turn everybody into the professional classes. Now, if this amount is reduced in this way, and of course it has been reduced for this year, it will have this effect in spite of everything, and what my resolution calls for, and what I wish to point out is this, that the $20,000 which is given to each of the provinces, of course will stand, and the remainder to be divided on the basis of population, that is the entire population of the province as taken. That includes the population of cities and towns—which are included in the amount that each province will obtain. I will admit that the money they obtain ultimately goes to the rural schools, but it will follow that these provinces which have large cities will obtain more than their fair proportion of it. This money is not used, I might say, in the city schools; it is used in the rural districts. This present method of distribution if it is followed, will mean that the two—I might as well be frank—old provinces, Quebec and Ontario will get the larger measure of this grant, simply because they have the larger cities, such as Montreal, Quebec and Toronto.

Mr. CALDWELL: That is the largest share per head of rural population?

Mr. ROBINSON: Yes; larger in proportion. What I ask for, and I think it is reasonable, is the method of distribution of this money shall be changed, since it is for rural education only, and let it be divided in proportion to the rural population. Now, of course, the method of distribution, I might say, can be decided, and is decided and settled by Order in Council, and therefore all that I will ask this Committee to do, it being interested in agriculture in all its phases, will be to pass this resolution and to ask that the method of distribution be changed. That is what the motion really asks for: that the money be distributed to the provinces on the basis of rural population. This would give all of the provinces an equal chance, whereas, at the present time, those having large cities, and a large number of them, get the bulk of the grant, on account of their population being large.

Now, it will seem to me that this is only fair and just. Of course, what we have to contend with is the fact that it has been distributed on the other basis for ten years, but it was an experiment, and the fact that they distributed it in that way, in the way I spoke of, during the past decade is no reason why we should perpetuate something that is not absolutely right. I think this resolution should be passed by this Committee.

Mr. CALDWELL: Mr. Chairman, as seconder of this resolution, I believe it needs very little, if any, support from me. The ground was pretty well covered by the mover. That resolution is so fair and equitable that I do not think it needs any recommendation from the mover and the seconder. I think the resolution itself should be its own recommendation. However, I feel that injustice has been done in possibly two ways. The larger provinces, who do benefit by having the larger cities in them under the old distribution system, are already better established in agricultural instruction work than the smaller provinces, and the smaller provinces need it more than the older provinces.

Mr. ELLIOT: Mr. Chairman, I think the resolution would have been better brought in on our day when we are reserving the whole day to discuss our future plans. I think we have a very full bill for this afternoon, and possibly will not have have time to accomplish all we desire in the way of examination of the witnesses.

The CHAIRMAN: If there is going to be any difference of opinion in the Committee, I think Mr. Elliott's suggestion is the right one. It is hardly fair to keep these men waiting.

Mr. ROBINSON: The point is that the distribution of this will be made very shortly. I did not imagine for one moment there would be any great objection. Both Ontario and Quebec—take the province of Quebec—

The CHAIRMAN: Mr. Robinson, let me suggest this. If there is any suggestion at all that it is to be discussed at all, I think we should take it up to-morrow.

Mr. ROBINSON: All right, I am willing.

The CHAIRMAN: The motion is presented and laid on the table for future discussion. Now, is Mr. Curry of the White Star Line here?

Mr. CURRY: Yes, sir.

The CHAIRMAN: Will you please take the stand?

PHILLIP A. CURRY, a witness, called and sworn.

By the Chairman:

Q. What position do you occupy with the White Star Line?—A. General manager in Montreal, sir, of the White Star-Dominion Line.

Q. Where is the head office of the White Star-Dominion Line?—A. The head office in Canada is in Montreal; the head office of the company is in Liverpool, owned by the Oceanic Steamship Company.

Q. Owned under British or Canadian registry?—A. British registry.

Q. Have you been carrying cattle to the Old Country in recent years?—A. We have.

Q. What was the rate charged last year?—A. At this time last year?

Q. Well, say first of all, during the navigation season of Montreal last year, beginning in the spring, and ending in the late autumn.—A. I think, sir, it was $25. I would like to refer to my records to confirm that. I think the rate was $25.

Q. There was something said by Mr. Campbell, I think, about a $15 rate. Did that ever obtain?—A. We had three shiploads at $15. I think in the month of January of this year.

Q. This year?—A. This year.

Q. And it was $25 last year?—A. In the fall of last year it was $20.

Q. It was $20 in the fall of last year?—A. Yes, sir.

Q. And this winter, January, $15?—A. Yes, sir.

Q. What is it now?—A. The rate now is $20.

Q. Is there space offered at that rate?—A. This month?

Q. Yes, this month. Where do your ships run in the winter time?—A. From Portland.

Q. Is there space offered from Portland at $20 now?—A. We have several steamers booked; they are all booked full. We have no space open.

Q. No space open at that price?—A. No.

Q. Navigation opens up from Montreal about the end of next month?—A. About the beginning of May. The first sailings from Montreal are about the middle of May.

Q. What will be the price then?—A. I think the rate will probably be $22.50. We are quoting $22.50 at the present time.

Q. Major Curry, just how are those rates arrived at?—A. That is rather a difficult question to answer directly. It is a question of market conditions; it is a question of the cost of our fittings; a question of the varying cost of operation; there are many matters taken into consideration in arriving at the rate—the question of supply and demand.

Q. There seems to be a certain amount of coincidence in the prices that are charged for this, as well as for ocean freight rates. All the lines seem to charge the same rates. Is that a mere coincidence?—A. I don't think that is a fact, sir.

Q. Not a fact?—A. We were carrying cattle in January at $15, and I know the Donaldson Line had steamers at $20, so the rates are not always the same.

Q. May our farmers who are hoping to ship cattle in the spring—may they hope to find other lines cheaper than $22.50, if you propose to charge them $22.50?—A. They may not find them cheaper; they may find them higher. We have no fixed agreement as to rates on cattle.

By Mr. Hammell:

Q. With other companies?—A. No fixed agreement at all.

By the Chairman:

Q. Have you a fixed agreement on other agricultural products?—A. We have certain understandings as to rates on some commodities.

Q. What commodities?—A. Oh, on butter, provisions——

Q. Flour?—A. No, there is no fixed rate on flour. We have what might be called a gentlemen's agreement as to rates on flour.

Q. What is the difference between an "understanding", and a "gentlemen's agreement," Major Curry?—A. There would be difficulty. If any particular flour shipper came to me and wanted a lower rate, and I thought there was justice in his argument and I felt we could afford to carry flour at a lower rate than we were quoting, I could very easily arrange to get him that rate.

Q. How would you arrange to get him that rate? Just give it to him yourself, or would you confer with others before giving him an answer?—A. On account of the understanding we have, I would have to give notice to the other steamship companies.

Q. What other steamship companies would you have to give notice to in such cases?—A. Do you wish me to name the companies?

Q. If you please.—A. The Canadian Pacific, the Cunard Line, the Donaldson Line, and the Canada Steamship Line.

Q. The Canadian Government Merchant Marine?—A. I do not think, sir, they are in the agreement, but I believe they are represented, and perhaps could answer that question themselves.

Q. Is that the understanding, or is that the gentleman's agreement, Major Curry?—A. The whole business is on the basis of a gentlemen's agreement, the agreement I referred to. There is no fine, no punishment, no definite obligation; it is merely a matter of honour.

Q. Merely a matter of honour to maintain the rates you decide are fair and reasonable for the public to pay?—A. That is right, sir.

Q. Now, you have been in the steamship business some time?—A. Since 1906.

Q. Did you ever hear of an organization called the North Atlantic Conference?—A. I know of the North Atlantic Conference, yes.

Q. What is it?—A. I think there are two different conferences that might come under that head.

Q. You tell us about it. You know much more than we do about this?—The North Atlantic Westbound Freight Conference, and the North Atlantic Eastbound Freight Conference. They operate, I believe, in much the same way as the Canadian lines; they have certain discussions as to rates.

Q. What is the object of these discussions?—A. I think it is to discuss matters of interest to all the steamship companies, and to consider any particular applications for reductions in rates, or consider market conditions, and the various factors that go towards the making of rates.

Q. They establish the rate, do they not?—A. They arrive at the basis arranged.

Q. And that is taken as a fair basis by those who belong to the conference, is that not so?—A. That is so, sir, on certain commodities.

Q. Now, has this conference considered the question of what should be charged to shippers of live stock to Old Country ports, coming here?—A. Not to my knowledge.

Q. Now, in the ordinary course would that question come before this conference?—A. No, sir. There is no conference that has any jurisdiction over the question of cattle rates.

Q. Are the rates charged for cattle a matter of individual contract between the shipper and the individual lines?—A. Between the shipper or the broker? Yes, sir.

Q. And the individual lines?—A. Yes, sir.

Q. And therefore if a broker found that for space, say, in May, he will be asked by your own line or by the Furness Withy, or the Canada Steamship Line, or the Reford Line—if he found that he was asked by those four lines identically the same price, we will say for the purpose of argument, $22.50, he could conclude that was a mere coincidence?—A. I think the proper conclusion is that it is about the market rate. Any one of those in the steamship business knows more or less the rate he can get, and what rates he cannot get, and what rate is cheaper, and what rate is not cheaper, and we have to take into consideration the encouragement of the cattle trade as a steady business, and all those matters are taken into consideration individually. So far as I am aware, we have only had one meeting in my memory in which the question of cattle business has been discussed in any way. That was a very recent one, when we got together on the question of the new regulations. We are not yet quite clear as to certain points in connection with the regulations; that is whether fat cattle and store cattle can be carried on the same steamer, and such questions.

Q. You did have a meeting about that?—A. We had a meeting quite recently.

Q. Who was represented at that meeting?—A. I think all of the lines who are interested in the cattle business.

Q. In Montreal?—A. Yes.

Q. We are going to turn away from the question for a moment, Major Curry. We are here interested in this committee in seeing how we can decrease the cost of marketing live stock in the Old Country. As one familiar with the shipping business, have you any suggestion to make to this committee which you think would be helpful, having in mind the object that we all desire to obtain? A. Relating particularly, I suppose, to the freight rates—the ocean freight rates?

Q. Is there any scheme of having more regular shipments or any other expense-saving method which occurs to your mind which would be a help to us? —A. No, I don't think there is, sir. Any information that the steamship company could get as to the quantity of cattle available, or the quantity of cattle that might be shipped to the United Kingdom would be of assistance in arranging our schedules and providing tonnage to move that cattle. We, at the present time, are augmenting our cattle service because we are looking for a very heavy movement of cattle. We have maintained, generally speaking, a fortnightly service of cattle steamers. We are now putting on a weekly service of cattle steamers. In regard to the reduction in the cost of marketing cattle in the United Kingdom. I think the freight rate is already on a very low basis. If the rate is reduced to any extent, I think many of the ships will be withdrawn from service. I can quote one particular instance of a steamer with a capacity of 1,000 head of cattle, and we have practically a firm offer of that number at $20, and we decided the loss would be so great, we laid the steamer off. That is the principal reason we are now trying to get rates on a paying basis. We are anxious to do all we can—the steamship company—to assist the cattle shipper in every way possible, but we are not prepared to carry the cattle at a loss.

Q. In the long run somebody would have to pay for it?—A. Yes.

Q. Turning from cattle. Is there an agreement amongst the shipping companies in Montreal as to the cost of carrying wheat from Canadian to United Kingdom ports?—A. It is rather difficult for me to answer questions in regard to particular commodities, as I have not had very much time to prepare myself and these matters are handled by my freight manager.

Q. I don't want to pin you down to too great exactness, Major Curry, but as general manager of Montreal you will know whether freight rates on wheat are settled with individual shippers—between individual shippers and individual lines—or whether all the lines have a uniform rate for wheat?—A. The conditions vary so much, in connection with the carriage of grain that it is difficult to keep track of the fluctuations, and the agreements, if any, that are in existence. I am not trying to evade answering, but at the present time I know we ourselves are quoting different rates to different ports. I just say that to show how difficult it is to answer the question. Other lines are quoting different rates again.

Q. I have been told—and you will tell me if I am wrong—that in order to settle upon the rates that are to be charged upon ocean transportation from Montreal to oversea ports, there is a meeting held about once a week by the staemship representativs in Montreal, at which these matters are discussed, and the amount of freight rates to be charged disseminated to those interested?—A. The freight managers of the different lines do meet periodically for the purpose, as I said just now, of discussing matters of mutual interest, particularly in regard to the question of rates.

Q. Are these rates settled in Montreal, or are they settled in New York? —A. What rates do you refer to, sir?

Q. Say the rates on flour or butter or cheese or apples.—A. They are set, as far as the Canadian lines are concerned, in Montreal.

By the Chairman:

Q. After a conference with New York, or after a communication with New York?—A. The lines running from their ports, and the lines running from Canadian ports, keep in consultation as to rates and conditions.

Q. Turning to the question of rates charged for flour, your line would carry flour from time to time?—A. Yes.

Q. A gentleman informed me of a somewhat extraordinary situation, Col. Curry, concerning which perhaps you will have some explanation to make. I will state the facts as given me, and you will tell me first whether the facts, to your knowledge, are right or wrong, and if they are correct you will offer what explanation you think wise. I was told that at the present time flour milled in the United States was given, even on ships of British and Canadian registry, on voyages from New York to Aberdeen, Avonmouth, Bristol, Cardiff, Dundee, Glasgow, Belfast, Cork, Hull, Leath, Liverpool, London, Manchester, Dublin and Londonderry, an advantage over Canadian flour, running from two to five cents per hundred pounds. In other words, a ship may leave New York loaded with sacks of flour of the same size and the same weight, and if these sacks contain flour milled in the United States they will be carried from two to five cents a hundred pounds cheaper than sacks carried in the same hold, perhaps, destined for the same destination, but milled in Canada, and containing Canadian flour. Is that right?—A. I think that is quite possible. Again, they would not have to consult us, we do not know what they are doing, officially. If they reduce their rates, it does not follow that we immediately reduce ours.

Q. No; perhaps I put my sentence in a somewhat involved fashion. The complaint we have against this system is that, say, a British company will carry over to Liverpool two sacks of flour, let us say, each weighing 100 pounds, and the one will contain American milled flour and the other Canadian milled flour, and what we object to is the fact that the British company, or the Canadian steamship company, as the case may be, is carrying the American milled flour from two to five cents per hundred pounds cheaper than it carries our own flour. I think there is ground for an explanation of that.—A. I am not quite clear, sir, yet. Are you referring to the steamship companies, my company, carrying flour, American flour, from Montreal at a lower rate?

Q. I am not making a charge particularly against your company, I am making the charge against all companies. My informant told me that if you took American flour, flour perhaps milled from Canadian wheat, but milled in the United States, and asked for that American flour to be carried, let us say, on a British ship or a Canadian ship from New York, that that Canadian steamship company or British steamship company would carry that flour from two to five cents per hundred pounds cheaper than it would carry flour milled from Canadian wheat, but milled in Canada?—A. I am not able to state for the ships sailing out of New York, I have no jurisdiction over them, I am not aware of the rates.

Q. My informant also tells me that the same practice obtains in regard to ships from Canadian ports. This is what he tells me. He says that if a ship bound for Aberdeen, was carrying flour, U.S.A. flour, from New York, it would be carried at the rate of 18 cents per hundred pounds. If it was Canadian flour going from New York, it would be charged 22 cents per hundred pounds, and if it went from a Canadian port it would be charged exactly the same price, 22 cents a hundred pounds. That does not seem to me a fair practice, and I would like to know if there is any explanation you can offer to this Committee?—A. The rates you mentioned are not familiar to me. I was not aware that flour was being carried from New York to Aberdeen at 18 cents. Neither was I aware that the rate from Montreal is 22 cents. I think I can answer your

question, sir, by saying that as far as we are concerned we would not take American flour in our steamers, that is, the steamers under my management, at anything less than the rate we are collecting on Canadian flour.

Q. You would not hesitate to qualify such an action as being distinctly detrimental to Canadian interests?—A. If we did show preference, it might place the Canadian millers at a disadvantage, but there are other conditions that would also have an effect; take the inland rate situation.

Q. Stay on the water. It cannot be an advantage to the Canadian miller to pay more for carrying his goods to market than his American competitor?—A. He might be able to pay a higher rate and still be able to deliver his flour at a lower cost.

Q. Are you familiar with the rate on flour to Liverpool?—A. From Montreal?

Q. Yes.—A. Yes, sir.

Q. What is it?—A. At the present time it is 19 cents.

Q. Are you familiar with what it is from New York?—A. My latest information is that it was 15 cents but it is a rate that varies a great deal, apparently nearly every day.

Q. What is the comparative distance to Liverpool from New York and Montreal?—A. I do not think there is a great deal of difference in the distance; I would have to turn up that information.

Q. My figure is that the rate from New York on Canadian flour is 14 cents; you say 15 cents?—A. The latest information I had was 15 cents on American flour.

Q. On American flour, yes. Is 15 cents—that would make a differential of 4 cents per hundred pounds against our millers?—A. On the ocean rate from New York as against that from Montreal?

Q. Yes.—A. Yes.

Q. Do you know whether my information is right, which is to the effect that the rates from New York to Liverpool on Canadian flour is 19 cents?—A. That I am not aware of, sir; I believe some Canadian flour has moved as low as 19 cents.

Q. From New York?—A. I believe so.

Q. Is there any reason, as far as the steamship company is concerned, why Canadian flour should be carried at higher rates from New York to Liverpool than American flour?—A. No, I do not think there is any particular reason.

Q. Unless Canadian millers are easier to get money out of than the Americans.—A. Or unless the ships from American ports can stand greater losses than those from Canadian ports.

Q. Do you know anything about shipping apples, Mr. Currie?

By Mr. Hammell:

Q. I would like to ask a question. At a meeting of a committee in this House a few weeks ago, called the Foodstuffs Advisory Board, the representatives of the Canadian millers made a sworn statement, I believe, of what our Chairman has just told you, to the effect that the steamship companies were carrying American milled flour 10 cents a barrel—I believe they said—less than they would carry Canadian milled flour from the same port.—A. I am not able to answer for American ports, but from Montreal we would not carry American flour at a lower rate than Canadian flour. This is, we are not now; I cannot speak for the future.

By the Chairman:

Q. Was there any difference between the rate on American and Canadian flour taken by Portland?—A. I would not be positive, but my impression is that we have not carried any American flour from Portland this winter.

Q. When did you last carry it?—A. I do not remember when it was. We are not carrying very much flour at the present time; the rate is too low.

Q. I think you said, Major Curry, that there was a joint decision arrived at by steamship companies, as to the price at which you would carry butter? —A. The rate, I think, at present on butter is $1.40, in refrigerators.

Q. How is that arrived at?—A. It is very difficult to answer that question. Again it depends upon market conditions.

Q. Apart from what I might call economic factors, in arriving at the rate is there any arrangement made, either call it an understanding or a "gentleman's agreement," between the representatives of the lines as to the fixing of the rate on butter?—A. It has been discussed amongst the lines, and a rate arrived at some years ago, and it was recently reduced.

Q. Was it recently reduced as a result of individual action, or joint action after consultation?—A. I was not present at the meeting the butter rate was dealt with.

Q. Major, you are the head of the shop there; what is going on of real interest and importance you are aware of, are you not?—A. In regard to the rate situation?

Q. Yes.—A. In a general way, yes.

Q. When was this last meeting held, that you were not at; there was such a meeting?—A. The meeting where the butter rate was discussed?

Q. Yes, sir; we are on butter now; we will stay with that.—A. I am not aware of when the meeting was held, sir, or where it was held.

Q. Was it within the last six months?—A. I could tell you that by turning up my records, I could tell you the exact date, but I have not it in my head. I do not know whether it was within the last six months.

Q. At any rate, the rate arrived at was what?—A. $1.40.

Q. When such an arrangement is arrived at, is there a consultation with New York?—A. All matters of interest are discussed; in other words, the New York lines and the Canadian lines are naturally interested in the rate situation; they are frequently competing in the same territories, and they do have discussions as to the rates.

Q. I suppose these discussions are largely for the purpose of avoiding competition, are they not? Competition as far as rates are concerned; you may have competition as to service, but so far as competition as to rates are concerned, is not the object of the conference to avoid competition?—A. Amongst others?

Q. Yes?—A. There are many objects.

Q. Is that not one of the objects that interest us as representing the public? —A. I think sir, there are many more familiar with the detailed arrangements in connection with the establishment of rates or the enforcement of rates. I have nothing whatever to do with it. All I have done in preparing myself for this Committee is—I got a very brief telegram, and I merely looked up what rates we were quoting at the present time, and I also came with full information as to what we were doing with our cattle spaces, cattle ships.

Q. We are obliged to you for all the information you are giving us, but I have the feeling at the back of my head that you really do know how those rates were established, although you were not present at the last meeting. I think you could tell us, but if you can say sincerely that you cannot tell us, and know

nothing about it, I will not press it?—A. I do not know enough about it to answer your questions intelligently.

Q. Let me put a hypothetical case to you: Suppose I was a large butter exporter in Montreal, and I went down to you to-morrow morning to your office, and I said "I have 25,000 boxes of butter to ship, I want the best rates that you can give me, and you, using your judgment and without reference to anybody else, quoted me a rate below $1.40.—A. I would not do it, sir.

Q. Why?—A. Because I do not consider that we can carry butter at a lower rate.

Q. Suppose you thought that you could carry butter at a lower rate, would you then feel free to quote me a lower rate without reference to anybody else? —A. I would have to notify the other lines that I proposed to quote a lower rate.

Q. What other lines would you advise that you proposed to quote to me a lower rate?—A. The same as I mentioned just now.

Q. The Furness-Withy, the Canada Steamships, and the C. P. R., and perhaps some others?—A. Yes.

Q. All the other lines in Montreal?—A. The Canadian lines.

Q. Suppose the representatives of the other lines said to you Major Curry "You must not quote Mr. McMaster a lower rate" What would you do then? —A. If such a situation arose, I would have to give very careful thought before I decided, as I have to give careful thought before I answer you. But it would be my privilege to quote that lower rate. They could not stop me quoting that rate.

Q. Of course they could not stop you quoting a lower rate, but the gentlemen's agreement would have undergone a certain strain, would it not?—A. Not after I had given notice.

Q. If you had any such gentlemen's agreement or understanding, could you have quoted a lower rate without notifying the others?—A. Not if the understanding is worth anything.

Q. Does what you have said in regard to butter apply also to cheese?—A. Similar conditions.

Q. Similar conditions apply to cheese. Does it apply to chilled meats?—A. Chilled meats in the refrigerators?

Q. Yes.—A. Yes.

Q. What about meats that are not in the refrigerators? Does it apply to them?—A. Boxed meats?

Q. Yes?—A. Yes.

Q. Would it apply to apples?—A. Yes.

Q. Would it apply to canned fruit and vegetables?—A. Yes.

Q. There is one other question I want to ask you. In this happy family of steamship companies with so friendly relations, with gentlemen's agreements and understandings, does the Canadian Government Merchant Marine form a part—I will not say of your combine, but of this loose association?—A. I think the Canadian Government Merchant Marine is represented here and can answer that question.

Q. Suppose that you wanted to give me a lower rate on butter, would you have to find out from Mr. Teakle whether you could give me that rate?—A. Not from Mr. Teakle.

Q. From Mr. Cunningham, or from whoever has charge of that Department of the Canadian Merchant Marine?—A. I have not paid any particular attention to the handling of the Canadian Government Merchant Marine. My understanding is that its representative attends the meetings more as a listener, or spectator than otherwise.

Q. I hope not as an unfriendly spectator?—A. I do not think so, but I certainly would not think that I would have to go to the Canadian Merchant Marine for anything in connection with our rates.

Q. Would you not feel bound to advise them as for instance you would advise the C. P. R.?—A. I would simply notify the representatives of the lines present.

Q. At the meetings at which the rates were fixed.

By Mr. Grimmer:

Q. Does the Canadian Merchant Marine cut rates in any respect?—A. Not that I am aware of.

By Mr. Gardiner:

Q. There is just one question that I wish to ask and it is this: The witness stated that he was not familiar with the manner in which those rates were established. Could he give us the names of those who are responsible for the establishment of those rates, the representatives of the various companies, the representative from his company?—A. I think Mr. Marlow of the C. P. R. would be well qualified.

Q. Who represents your company?—A. Mr. Forbes.

By Mr. Sales:

Q. What is the White Star?—A. The White Star Dominion line.

By Mr. Gardiner:

Q. Are there any other representatives of the companies that attend those particular meetings whose names you can give?—A. Mr. Coates.

The CHAIRMAN: That is W. A. Coates of the Reford Line?

By Mr. Sales:

Q. Who represents the Canada Steamships?—A. Either Mr. Burke or Mr. Doherty.

Q. Which of them attends the conference?—A. I do not know that; I think sometimes one, and sometimes the other.

Q. You have seen them both there I presume?—A. I have not attended the meetings.

By the Chairman:

Q. Who goes there from your Line?—A. I have given the name, Mr. Forbes.

By Mr. Sales:

Q. We have not got the name of the Furness-Withy representative?—A. Mr. Nicol, or Mr. Snell.

Q. Now would you tell us about the space for cattle? What is your method of operation?—A. In letting space?

Q. Yes.—A. We simply take the capacity of our steamers, and endeavour to let the space to the various shippers who are inquiring for it.

Q. Do you do that direct from your company?—A. Yes.

Q. Not through brokers?—A. Not necessarily. We sometimes let space to brokers.

Q. What commission do you pay to the broker?—A. One and a quarter per cent.

Q. Not two and a half?—A. No, one and a quarter.

Q. That is the whole charge between the company and the shipper?—A. Between the company and broker.

Q. No, between the company and the shipper? The broker gets space for the shipper, he is the go-between for your steamship company and the man who has the cattle?—A. In some cases, not in all cases.

Q. You say the total charge is one and a quarter cents?—A. One and one quarter per cent.

Q. I have some information that you people pay two and a half per cent, that is between the steamship agency and the broker. Is that correct?—A. The steamship agency?

Q. Yes.—A. We are the steamship agency.

Q. I thought you were the manager of the company?—A. There is no other steamship agency. I do not quite understand what you mean.

Q. You stated that you were the general manager of the White Star?—A. That is correct.

Q. Then if you are the manager, you cannot be the agency?—A. We have no steamship agency.

Q. So you do your business direct with the broker?—A. That is correct.

Q. Do you give the same opportunity to a farmer to ship his cattle or to secure space as you give to the broker?—A. It is not very often that we come into direct contact with the farmer. If we have any applications direct from any farmers, we certainly give them equal consideration with any other application.

Q. What kind of contract do you have between yourself and the broker? —A. We have no contract with the broker other than that he takes our space for a certain named shipper.

Q. And if he fails to fulfil it?—A. Then we look to the shipper.

Q. You do not look to the broker? Have you ever known in your experience of a big cattle operator cancelling his space after he had secured it and held it for several days?—A. I can only recall one instance of that.

Q. Will you tell us who it was?—A. He was an American shipper, one of the packers.

Q. Do you remember how much space they got and held for several days and then cancelled?—A. I think about 200 spaces.

Q. Did your boat go unfilled?—A. No, we disposed of them elsewhere.

Q. Do you think Mr. Curry, it would be in the interest of shippers generally to have one central booking agency, instead of three or four brokers, competing against each other for space?—A. One central booking agent?

Q. Yes, one central broker doing all this booking of space instead of three or four different brokers bidding against each other?—A. I do not think there would be any advantage in any arrangement of that kind.

Q. That is, your company do not take advantage of the law of supply and demand? There are three brokers, and they all want space, you do not take advantage of that to raise the price?—A. They are not all asking for space for the same shippers. That is, each broker wants space for his clients, and the same condition would exist if all of the shippers sent their applications for space to one broker. They would have to take into consideration the American shipper.

Q. Is there any quantity of that?—A. Of American cattle?

Q. Yes.—A. Yes, quite a good deal.

Q. Do you think that any large increase in the shipping of cattle will affect the price of space?—A. Of course, there has already been a very large increase in the movement of cattle during the last few months. I do not know that it has particularly affected the rates.

Q. It has gone from $15.00 to $20.00?—A. The $15.00 was only on three steamers of one line, and that was at the time that we had certain space fitted which we could not use for other cargo, and we made a distress rate.

Q. Did you lose money on that?—A. We certainly did.

Q. The point I am trying to make is this: if the volume of freight increases —(because you always speak of volume; "if they only had volume enough they could reduce the rates"—that is a greater demand than the supply,) then you will raise your rates accordingly?—A. I do not think so. It will mean more ships will come into the trade. We have brought more ships in now.

Q. I thought you stated earlier that the rates depended upon the supply and demand, so if there is a demand for space—A. I take it what you are asking me is whether there will be a further increase in the rate above the $22.50?

Q. If there is a large supply of cattle to go forward to Britain, and a greater demand for space? That is the point exactly.—A. It is possible the rate might go to $25.

Q. Do you think that increased rate would be justified?—A. I think there would be justification if the trade would stand the rate. We are trying to make as much money as we can with our ships. I do not attempt to deny that. We are having a very hard time of it just now.

By Mr. Caldwell:

Q. I understood you to state, Major Curry, that you did not hold the broker responsible for the space he books if he does not fill it, if the shipper does not "come across" with the cattle.—A. We would look to the broker in the first instance. If we booked space through the broker—with Mr. Campbell, for instance, we would look to him to see that the shipper filled that space.

Q. Supposing the shipper does not fill the space, what action do you take? —A. You mean if the ship actually goes short of cattle?

Q. If the shipper does not supply the cattle—A. If he cancels, we would endeavour to let the space somewhere else.

Q. But providing your space went vacant, now to whom would you look for pay for that space, to Mr. Campbell, or the actual shipper?—A. I would look to Mr. Campbell in the first instance, as the bookings were made with him and he, of course, would look to the shipper—the man who engaged the space.

Q. You look to the broker, and he must look to the next man?—A. If the booking is made in that way—whoever is making the booking, is the one we look to.

By Mr. Elliott:

Q. Major Curry, you stated that representatives of the various companies met together and discussed rates with regard to trade and general business of the company at various times.—A. Market conditions, you mean? What trade do you refer to?

Q. With regard to the future trade of the company, and the rates you will probably charge.—A. On cattle?

Q. Cattle, for instance?—A. No.

Q. You do not?—A. No.

Q. Now, the rate on cattle at the present time, you say, is $20?—A. We have been carrying cattle at $20; we have a ship sailing to-day at $20.

By Mr. Hammell:

Q. From Montreal?—A. No, from Portland.

By Mr. Elliott:

Q. The rate you have in mind is $22.50, for May—from Montreal?—A. Yes.

Q. In fixing the rate, would the knowledge which you undoubtedly have that there is possibly in the neighbourhood of 200,000 cattle which must go forward to the Old Country this year, affect your fixation of this rate? That is, cattle are in the country: the ultimate destination is the Old Country markets; the possession of that knowledge, which your company undoubtedly has, would have what effect or what bearing on the fixation of this $22.50 rate? —A. Of course, there is a bearing; there is no use of our fixing $22.50 rate if there are only a very limited number of cattle to go forward. If there are no cattle to go, there is no use of fixing the rate. We consider there is a very heavy movement of cattle to go, and we consider that the cattle business can be run on a paying basis.

By Mr. Sales:

Q. Which business is that?—A. The cattle business.

Q. The shipping of cattle?—A. The carrying of cattle.

By Mr. Elliott:

Q. In other words, it practically amounts to the fact that you charge all the trade will stand? You know the stuff must go over, and you want to get all the trade will stand.—A. No, we do not do that.

Q. That is not your idea?—A. We are anxious to keep the cattle trade alive. I am very strongly of the opinion we could get $25 for the May space, if we asked it.

Q. Now, with regard to the American cattle. About what would be the percentage of American cattle handled by your company as compared with Canadian cattle?—A. It varies, almost every week. I cannot possibly say.

Q. Do you think there is a larger volume of American cattle?—A. No. I would say there was more Canadian cattle. On our Canadian steamers we endeavour to give preference to our Canadian cattle. We have our Canadian service, and have had for fifty years, running from Montreal, and we are inclined to give preference to Canadian cattle.

Q. At the present time you are shipping from Portland, are you?—A. Yes.

Q. Well, is there any preference at the present time for American cattle shipped from that port by your company?—A. We have traded a good deal of our space in the United States, but it very often rests with the individual shipper, whether he ships American or Canadian cattle; in other words, whether he buys his cattle in Chicago or Toronto.

The CHAIRMAN: Have we any other questions to ask, Mr. Curry?

Mr. GARDINER: I would like to ask one question.

Is there any American cattle likely to go from Canadian Ports?—A. We have not booked any. It is quite possible. We have carried American Cattle from Montreal before.

Q. In view of the regulations that are likely to go into effect in Great Britain when the embargo is removed, do you propose to take any steps to see that the Canadian cattle does not come in contact with the American cattle, and so prejudice the Canadian cattle?—A. The Canadian store cattle?

Q. Yes.—A. We are bound to, under the regulations.

Q. And you propose to take the necessary steps in regard to that?—A. Yes.

By Mr. Hammell:

Q. The new steamers have to be specially equipped for carrying cattle?—A. We are fitting up some new steamers now.

Q. What about the expense of fittings? Is it expensive?—A. It is, yes.

Q. What do you have to do?—A. It depends where you are putting the fittings. On the exposed deck—it depends on the ship. There is a great deal of ventilation and plumbing that has to be done, and lighting, in order to comply with the regulations. It varies, I would say, from $13 to $20 as the initial cost.

Q. Is there any difference whether it is on deck, or between decks?—A. Oh, yes.

By Mr. Caldwell:

Q. Which is the more costly?—A. On the exposed deck, is the most costly, as a rule.

By Mr. Hammell:

Q. How much would it be? What would be the cost? Have you any idea? —A. It varies a good deal, according to the steamer, but it would range between $13 and $20 on the exposed decks, and in between decks, between $8 and $12.

By Mr. Sales:

Q. Do you find any difficuty in getting a return cargo from Great Britain? —A. At the present time we are getting very little, if any.

Q. As a general rule, your ships are returned light?—A. The cattle ships, you refer to ?

Q. Yes? who would carry it?—A. The faster ships get most of the cargo coming this way.

Q. What do you do with your vessels? Carry water for ballast?—A. They have tanks they fill up. Yes. They carry some cargo, but the most of cargo this way is not so heavy as it was the other way, most of the cargo we get comes in the *Megantic*, the *Doris*, or the *Regina*, fast passenger steamers.

Q. So the cattle have to pay the cost of the ship's journey both ways?—A. Pretty nearly. I would not say that absolutely. They pick up what earnings they can coming out.

Q. But as a rule the cost is borne by the cattle going out?—A. Yes.

J. W. NICOL, a witness called and sworn.

By the Chairman:

Q. Mr. Nicol, you have been with the Furness Withy Company some years?—A. About twenty years.

Q. What position do you occupy with them at the present time?—A. Manager, Montreal office.

Q. You have been present in the Committee Room this afternoon, Mr. Nicol?—A. Yes, sir.

Q. You have heard the evidence given by Major Curry?—A. Yes.

Q. On the whole, do you agree or disagree with him?—A. On the whole, I agree with him.

Q. Now that will enable us to shorten our examination considerably. I placed a question before Major Curry concerning the relative rates of freight charged on Canadian flour and American flour, first, from New York, and second, from all Canadian ports. The apparent grievance which I brought before the Major's attention was this, that American flour was carried, according to the figures submitted to me, from two to five cents per one hundred pounds cheaper from New York than this Canadian flour, and about the same amount cheaper than Canadian flour from Canadian ports. First of all, does that seem fair in

your view, to our Canadian millers or Canadian agriculturists?—A. Well, as far as American flour being carried on American bottoms is concerned, I think the lower rate was largely brought about when the new elections came up in the States.—

Q. We will not bother about the American bottoms at all. I understand this applies as well to Canadian and British registry ships, as well as American bottoms, so we will leave the American bottoms to one side for the moment and centre our discussion on British and Canadian ships. First of all, are the facts I placed before you substantially correct?—A. I have heard that they are.

Q. I will ask you, as a Canadian citizen, to tell this Committee whether in your opinion you consider that a fair thing for the Canadian exporter, the Canadian miller, and the Canadian agriculturists who grows the grain?—A. Well, as far as statistics are concerned—

Q. We will not bother about statistics for the moment. It is a preliminary question. First of all, do you consider this fair or unfair?—A. To a certain extent it is unfair.

Q. Now, is there any excuse for that unfairness? Is there any reason for that unfairness?—A. As I say, there are certain conditions which you have to look into. The Canadian miller may be in a position to sell his flour at a much better advantage than the American miller.

Q. But why should you help yourselves out of that?—A. I beg your pardon?

Q. Why should the shipping companies help themselves?—A. In other words, it is not necessary for a Canadian line to come down and make as low a rate as out of the American ports. We can only carry flour for a certain figure, to give us some kind of a fair return, and there is no reason why, if flour could be shipped out of the American ports at, say, fifteen cents—we should come down to a fifteen-cent basis. If the volume of flour which is moved via Canadian ports is three times as much as via American ports, it shows the business must be moving.

Q. Are you attempting to justify this discrimination?—A. No, I am not attempting to do that at all.

Q. Is the only reason why they charge more because they can get more?—A. No, not necessarily.

Q. What other reason is there? I suppose a pound of American flour and a pound of Canadian flour weigh just the same?—A. Yes.

Q. And I suppose the sacks are just about the same size, and just as easily handled?—A. Probably.

Q. Now, is it not grossly unfair that a bag of Canadian flour bound from New York to London placed side by side by American flour, weighing exactly the same—why that Canadian bag of flour should pay five cents a hundred pounds more to make the trip?—A. Well, I do not know whether I can answer that question.

Q. Do you think, as a patriotic Canadian citizen, and an experienced steamship man, you should try to better that condition?—A. Well, speaking for my line—our two principal services which we operate are to Hull and Manchester.

Q. From where?—A. From Montreal and St. John.

Q. Do you ever go to New York?—A. No—well, our line does run to New York, but we carry very, very little flour as far as we are concerned. Both these ports, Hull and Manchester, are milling ports, and they handle large quantities of grain—

Q. And, therefore, such unfairness which you have committed against the Canadian miller is so small that really you should not be bothered about it.—A. As far as we are concerned, yes.

Q. What about Portland? Does the same thing apply to Portland?—A. I do not know. We have no service from Portland, sir.

Q. Do you carry passengers on your boats?—A. No, we are not a passenger line; it is merely freight.

Q. Do not you carry them at all?—A. We probably carry one, if he wants to go over. We probably have one room.

Q. There is no steamship company carrying an American at a cheaper rate than Canadians, because they are Americans, is there?—A. No. Not that I know of.

Q. There is a meeting held from time to time of the steamship representatives in Montreal?—A. Yes.

Q. What do they meet for?—A. They meet just to consider trade conditions, to get together.

Q. In a sort of a Rotary Club?—A. No, not exactly.

Q. Do you discuss rates?—A. We do discuss rates, yes.

Q. Do you decide upon rates?—A. In a way, yes, we decide upon rates.

Q. You say "in a way"—what way?—A. If the present rate is considered too high, or anything like that, or if we have any recommendation for a lower rate, we give everything consideration. We might probably reduce the rate.

Q. And if the rate were not, in your opinion, high enough, you might probably increase it?—A. Probably.

Q. Do you all stick by that?—A. Not necessarily.

Q. How far do you stick by it?—A. I might say as conditions warrant it.

Q. And after you have arranged ocean rates, have you no gentlemen's agreement or understanding about the rate?—A. We have a gentlemen's understanding, as Major Curry has said, but if there is a question of reducing the rates, it is generally brought to the attention of the other lines before any reductions are made. The same with the increases.

Q. Do you ever confer with New York?—A. Yes, we do.

Q. Why?—A. It is only natural to find out what they are doing down there. We have to keep in touch with conditions in New York—what rates they are charging.

Q. Are the rates for Montreal set by this North Atlantic conference eastbound?—A. Eastbound?

Q. Yes.—A. No, not necessarily; they are not.

Q. You say "not necessarily." To what extent?—A. We have our own lines here in Montreal that make our own rates; they make their own rates.

Q. Let me tell you a story, which I understand is a true story. The Nova Scotians are very able people—.A. Yes.

Q. And imediately after the war the steamship companies in December, 1918, charged them as high as $5 a barrel for carrying their barrels of apples to the Old Country, and the Nova Scotians objected. Imagine, $5 a barrel for apples. Do you know, Mr. Nicol, they did not come to Montreal and talk to the lines? They went to New York, and at New York they saw Mr. Fetterhof—do you know him?—A. I know the gentleman.

Q. They saw Mr. Jackson. Do you know him?—A. Yes.

Q. They saw Mr. Farnham. Do you know him?—A. No.

Q. They saw Mr. Connor. Do you know him?—A. Yes.

Q. They saw Mr. Kennick. Do you know him?—A. Yes.

Q. They saw Mr. McIntyre. Do you know him?—A. Yes.

Q. You seem to be keeping in pretty close touch with the New York steamship men.—A. I have been in New York quite a lot.

Q. They saw Mr. Taylor. Do you know him?—A. Yes.

Q. Mr. Payne?—A. I do not know him.

Q. And the Nova Scotia apple growers went there, and they were so eloquent and insistent that they finally got the rate down to $1 per barrel. Where would these barrels be shipped from?—A. I presume, Halifax.

Q. Why would they go to New York?—A. Probably at the invitation of Mr. Taylor. He represents the Messrs. Goodwin.

Q. Why would he ask the Canadians to come down to New York to settle the price on barrels of apples that were going to be carried from Halifax?—A. I presume they would take the matter up with Mr. Fetterhof, and discuss the rates with him.

Q. Why talk the matter over with Mr. Fetterhof? Is he the head of this organization in New York?—A. No.

Q. Why talk to him especially?—A. I understand Mr. Fetterhof, if I am not mistaken, had something to do with the apple men in New York. That is probably the reason why Mr. Taylor was in touch with Mr. Fetterhof.

Q. Mr. Nicol, frankly, are these rates not set in New York?—A. No.

Q. Set in Montreal?—A. As far as we are concerned.

Q. After conference with New York?—A. Not necessarily, no.

Q. Well, usually?—A. We are in touch with them from time to time.

Q. How often?—A. About once a month.

Q. About once a month?—A. Yes.

Q. Would it be fair to say that rates were set on sort of a monthly basis? A. No.

Q. It just happened that every month you confer with New York?—A. Yes.

By Mr. Sales:

Q. I find, Mr. Nicol, that a recent witness, speaking of the cattle business, spoke of a Mr. Chambourg, and Mr. Fetterhof. If Mr. Fetterhof is an apple man, how does he happen to be interested in these cattle?—A. Mr. Fetterhof is, I think, the general manager of the I.M.M.

Q. Who is the "I.M.M."?—A. The I.M.M. comprises several companies.

By the Chairman:

Q. What does it stand for, first of all?—A. The International Mercantile Marine. He is the manager there.

Q. Now, what ships compose that International Mercantile Marine? Is it a company?—A. Yes.

Q. What lines does it operate, do you know?—A. It is called the International Mercantile Marine, and it cover several lines.

Q. The White Star-Dominion?—A. Yes, the White Star-Dominion.

Q. Furness-Withy?—A. No, it has nothing to do with it.

Q. Who else?—A. I do not know, off-hand, what lines they do operate.

Q. You heard the evidence of Major Curry given here about butter?—A. Yes.

Q. And you agree with that?—A. I am not interested, because we have no refrigerator accommodations at all; our steamers are freight boats. As far as the $1.40 rate is concerned, I am not interested.

Q. You heard him say the rate for butter was established after consultation?—A. Yes, sir.

Q. And he said the same thing applied to cheese. Is that right, in your view?—A. Yes.

Q. Live stock?—A. Yes.

Q. Chilled meats?—A. Yes.

Q. And apples?—A. Yes.

Q. And canned fruits and vegetables?—A. Yes.

Q. Do you ship many apples, Mr. Nichols?—A. Yes, we carry quite a lot.

Q. Were you the people who charged $5 in December, 1918?—A. No, not necessarily; all the lines were, I take it, charging $5. That rate was applied to American ports, as well as Canadians.

Q. As a matter of fact, as a rule, there is a constant similarity between the rates charged by Canadian ports and American ports?—A. Not necessarily; some of the rates are different.

Q. The bulk of the rates are the same?—A. Practically.

By Mr. Clifford:

Q. What was the rate on apples before the war?—A. Off-hand, I cannot say.

Q. Was it not around 75 cents?—A. I would say around 75 cents, or 85 cents.

By Mr. Hammell:

Q. From Montreal?—A. From Montreal, or any other port.

By Mr. Clifford:

Q. After the Armistice was signed, why should they charge $5?—A. I do not think there was any rate of $5——.

By the Chairman:

Q. December, 1918, $5 per barrel, $1.25 per box.—A. How long did that rate last?

By Mr. Clifford:

Q. About three months?—A. Yes.

Q. It lasted until the apples that season were all shipped out?—A. Yes.

Q. Was not the price fixed by the market conditions to the Old Country? —A. I am not sure. That is going back quite a long ways, now.

Q. Are not all the freight rates based on market conditions in the Old Country?—A. They are generally based on what the market conditions are there.

By Mr. Sales:

Q. That is not on what it cost to perform the service, but what the trade will carry?—A. In addition to what it cost to perform the service—that is one thing we have to take into consideration—the cost of service.

Q. You would not take anything lower than that, but you like to get as much as you can?—A. Naturally.

Q. You, I believe, were mentioned by Major Curry as being one of the gentlemen who were attending these meetings on behalf of the Furness-Withy Company?—A. I do attend some of them.

By the Chairman:

Q. Do you miss many?—A. I have not attended them for some time.

Q. Have there been many?—A. Yes.

Q. Do you send somebody else there from your line?—A. Yes.

Q. Whom do you send?—A. Mr. Snell.

Q. Does he tell you what happens when he comes back?—A. Sometimes he does, yes.

Q. It is done, generally?—A. I make it a point to find out.

Q. And he does not hide it?—A. No.

By Mr. Sales:

Q. Do you hold them once a month?—A. We might, and might not.

Q. Are meetings held once a month?—A. Once a week.

By Mr. Hammell:

Q. Every Tuesday?—A. Every Tuesday.

By the Chairman:

Q. Where is the place, sir?—A. Different places—different places. Well, the lines generally have board rooms, and it is convenient to use these board rooms.

By Mr. Robinson:

Q. About this $5 apple rate from Halifax, is it a fact that the Nova Scotia shippers got Norwegian carriers, and that has something to do with the drop in the rate?—A. I do not think it has anything to do with it whatever.

Q. Why did they drop the rate?—A. Simply because they were asked to put the rates down.

By Mr. Hammell:

Q. That is a simple way to get them down.—A. At the time, perhaps they were justified in bringing them down. We appreciate the fact that sometimes there is a limit to everything.

By Mr. Robinson:

Q. But I understand it was right in the middle of the season, right at the time they found they were going to pay this exorbitant rate, and they got Norwegian carriers.—A. There have been Norwegian carriers going into Halifax year in and year out. Our rate is $1 and they have been going in at 90 cents. They have to get some kind of cargo.

Q. Do your Portland boats call at Halifax?—A. No, our St. John boats do.

By Mr. Caldwell:

Q. You have a potato warehouse rented at the port of St. John?—A. I believe we have; I am not quite familiar with that.

Q. It is rented in the name of the Furness Line.—A. I do not think so, I think there is a warehouse which our boats use, or there is an understanding that the potatoes can be put in for housing.

Q. Is it not a fact that it is rented in the name of the company?—A. I do not think so. I am not familiar with any contract which we may have there.

Q. Who is that warehouse controlled by, do you know?—A. I do not know, I know it is there, because it has been mentioned to me.

Q. Now, you are shipping potatoes from St. John to Cuba?—A. I believe so. I have nothing to do with it at this end at all.

Q. You have nothing to do with making the rates on potatoes?—A. Nothing whatever, it is absolutely under the control of our St. John office.

Q. Who is your man there?—A. D. W. Ledingham.

Q. Can he make rates without consulting the Montreal office?—A. He never consults us at all about this, because it is not necessary.

Q. Why?—A. We are not interested in it.

Q. They are your vessels, are they not?—A. No, sir, chartered steamers.

Q. By your company?—A. Probably he may have chartered them, or they may be chartered by the people loading them.

Q. May this not be the reason you are not interested, because these vessels are being chartered by the people loading them?—A. I do not know that they are being chartered by the people loading them.

Q. Mr. Ledingham can give us that information?—A. Yes.

Q. He is not under your department?—A. No, sir, he is the manager of the St. John office, entirely separate.

Q. Do you not put your boats in the port of St. John in winter?—A. We do, our master boats, yes.

Q. You know nothing about the shipments there at all?—A. Nothing whatever.

The CHAIRMAN: Any more question? If not, I wish to tender you the thanks of this Committee.

The WITNESS: Could I just say a word. You have been talking about this rate on cattle, the exorbitant figure of $20.

By the Chairman:

Q. I do not remember any of us saying that $20 was exorbitant.—A. I think there was some discussion about a $15 rate and it was raised to $20.

Q. I do not think anyone qualified the rate as exorbitant.

By Mr. Hammell:

Q. That is the reason for this meeting, to find whether it is or not?—A. There are some phases of this situation I would like to explain, now that I am here. Take for example last summer, cattle was shipping quite freely for a month or two and then dropped off; trade conditions did not warrant it. All our steamers had been fitted at considerable expense, and all these fittings had to be taken out at a loss. Now, we are faced this year with a big shipment of cattle, which you have been talking about, and we are going to the expense of refitting up all those boats. The first shipment of store cattle is going on our boat at the end of this week from St. John to Manchester. That will be the first time store cattle have gone there for many, many years. Whilst we are getting a rate of $20 on those cattle, you will probably be surprised to know that—the total freight for these 412 head of cattle is $8,000 some odd. The cost of fitting and maintenance, that is, attendance over and back again, the feed, and so on, the additional space of 10,000 feet put in the boat to feed these cattle, for which we get no return. We do not charge anything for it.

Q. Ten thousand cubic feet?—A. Yes, for feeding the cattle. In addition to that we will probably have to carry 250 or 300 tons of water to water them. You have to fill up a whole tank. That is a dead loss. The cost of fitting these stalls up amounts to $4,568, as against a freight return of $8,240.

By the Chairman:

Q. Of course, you will not have to put these stalls in every voyage?—A. I appreciate that, but that just goes to show you that when that boat comes back again, 20 per cent of all those stalls will have to be gone over again, each time she makes a voyage. That is what I would like to convey to your attention.

By the Chairman:

Q. It is one of the elements entering into your costs?—A. We appreciate that, but this expense of keeping up the boats is quite a large one.

By Mr. Sales:

Q. When did the large increase in that cost take place?—A. This is on a lower basis than last year.

Q. When did the large increase take place?—A. We were not carrying cattle for quite a number of years up to last year, but the question of labour and material enter into it.

Q. Twenty years ago, cattle were being shipped at $7.50 per head?—A. Cattle used to be shipped at 42 shillings.

Q. Mr. Campbell told us 30 shillings.—A. I do not remember 30, I remember 35.

Q. There is a very considerable increase.—A. But you must remember that you are going back a long time. The operating expenses of a boat now and then are two different things.

Q. I was going to ask if you could tell us about what the percentage in increase of operation is?—A. I would think, of course—that came in during the war, that is about eight years ago.

Q. What is the per cent increase in operation?—A. I could not say offhand.

By Mr. Caldwell:

Q. Approximately 100 per cent?—A. More than that. It is as high as 300 per cent sometimes. You would hardly believe it.

The CHAIRMAN: Any more questions?

By Mr. Milne:

Q. Are you laying plans for next year at all?—A. Not yet. We hope to have these boats in condition right along.

By Mr. Sales:

Q. Is all your space taken for some months ahead?—A. To the end of April.

Q. Booked by whom?—A. By Mr. Campbell and the Grain Growers.

Q. How many of your ships are hired direct from the Old Country?—A. I do not know.

Q. How much have the Grain Growers got?—A. One boat, 350 head.

Q. That is all they have got?—A. Yes, sailing on April 14th.

The CHAIRMAN: We are very much obliged to you, sir, for your attendance. We will now call on Mr. Doherty.

L. A. W. DOHERTY, called and sworn.

By the Chairman:

Q. Mr. Doherty, you are with the Canada Steamship Lines?—A. Yes.

Q. Just what position do you hold with them?—A. Freight traffic manager.

Q. Have you been in this ocean navigation business for some time?—A. No, we are infants in the business, compared with the old lines out of Montreal.

Q. Mr. Doherty, you have heard the evidence given by Major Curry?—A. Yes.

Q. Do you agree substantially with the replies made to my various questions and to the questions of the other members of the Committee by Major Curry?—A. Yes, sir, in conjunction with those of Mr. Nichol.

Q. Are you familiar with this discrimination against our Canadian flour in New York?—A. I have a knowledge of it, sir, yes.

Q. You have a knowledge of it before you came into this room?—A. Yes.

Q. Do you think there is anything our Canadian lines could do to offset or put an end to this unfair discrimination against our flour?—A. To me it seems to be a matter to adjust itself, in view of the low rate prevailing on flour. I think Mr. Nicol tried to explain the reason for the very low rate out of New York. I do not know whether you are aware of the fact that there was an

agreement between the United States Government or the United States Shipping Board, and the American Millers' Association whereby they would give them a rate of 5 cents per hundred pounds over the prevailing rate on grain. That was made two or three years ago, and at that time the grain rates were fairly strong, and since that time they have been dropping like all others, and that has brought the rate on American flour down to 15 cents. It is recognized by everyone concerned that flour at 15 cents is a losing proposition, but the Government are tied up, and cannot help us.

Q. We will leave American politics out of the question for a moment, and I will ask you how you can justify this. A Canadian ship sailing from New York will charge from two to five cents more per hundred pounds on Canadian flour than it does on American flour carried in the same hold.—A. I do not think there are any Canadian ships going out of New York.

Q. You may be right. Can you justify or attempt to justify the action of a British owned ship, sailing from New York, carrying American and Canadian flour in the same hold, and charging up to 5 cents per hundred pounds more for the Canadian flour than for the American flour?—A. I am not quite sure that is really a practice there. My information has been—my trips to New York, and so forth—that the British boats are able to get a higher rate than the Shipping Board rate of 15 cents on flour. I cannot say that that is correct, but it has been so stated, and it does not necessarily follow that they have to take the Shipping Board rates, because their boats and services are not just suitable.

Q. My information is that there is just one steamship line operating from New York to London and Liverpool that is accepting Canadian flour at the same rate as flour milled in the United States, and that line is the Reardon-Smith Line. Do you know that line?—A. Yes, sir.

Q. Is it a large one?—A. It is fairly large, in this way, that it is an association of several owners in one operating line of that name.

Q. Have you any ships running from New York?—A. No, sir.

Q. Do you know any Canadian lines that have ships running from New York?—A. I do not believe there are any.

Q. There are quite a number of British ships, British lines.—A. Yes, sir.

Q. Are you the man who attends the meetings, these Tuesday afternoon meetings? Are they in the afternoon or morning?—A. In the afternoon of Tuesday.

Q. These Tuesday afternoon regular meetings. Do you attend them?—A. I have that privilege.

Q. And you discuss rates?—A. Yes, sir, they are referred to in a general way, and sometimes in a particular way.

Q. As a matter of that, that is one of the main objects for your gathering yourselves together?—A. I would say this, Mr. Chairman, that the main object of such gatherings as that would be rather to stabelize or keep uniform the situation of ocean transport.

Q. That is a nice way of putting it?—A. Yes, sir.

Q. To prevent competition, in other words, to stabilize or keep uniform the situation in regard to trans-Atlantic transportation?—A. Yes, sir.

Q. Now Mr. Doherty, you heard what the Major said about butter?—A. Yes, sir.

Q. And you heard what he said about cheese?—A. Yes, sir.

Q. You agree with what he said about both butter and cheese?—A. Well, Mr. Chairman, I might say that the Canada Steamships line do not operate under that name in the Atlantic service. I represent the Inter-Continental Transport Service.

[Mr. L. A. W. Doherty.]

Q. Does that belong to the same interests as the Canada Steamship line? —A. No, sir, not altogether. Our company, the Canada Steamships line, have three ships in that service.

Q. Out of how many?—A. Out of eight or nine. The others are Norwegian ships.

Q. Now, when you attend those regular Tuesday afternoon meetings for the stabilization of rates, do you act for those Norwegian fellows as well as for your own company?—A. Yes, sir.

Q. There is no exclusion policy apparently, in regard to other races in connection with shipping?—A. I did not quite get the question.

Q. It is not necessary to answer that. The rate on butter is fixed at those Tuesday afternoon meetings?—A. I cannot say about that. Our ships have the same classification as the Furness-Withy. We are only general cargo carriers.

Q. We will leave butter on one side and talk about cheese?—A. Cheese is in the same position. It requires cold storage.

Q. You do not carry cheese?—A. No, sir.

Q. What do you carry?—A. Grain, flour, lumber—

By Mr. Sales:

Q. Cattle?—A. We are not cattle carriers. Two years ago when we were in the Liverpool service we had some cattle on our ships, and we had a very sad experience and lost a lot of money. Since that on our London service, cattle is not being carried to London, and we have not been in the cattle service.

Q. All your ships go to London?—A. To London, and some go to Havre, and some to Rotterdam.

By the Chairman:

Q. The discussion of stabilization takes place in regard to the products which you carry as well as in regard to those mentioned by Major Currie?—A. Yes, sir.

By Mr. Caldwell:

Q. How did you make your loss on cattle carrying?—A. In this way: A broker would come to us and say "We have two hundred or three hundred head of cattle for Liverpool," and we would say: "We do not know that we want to take cattle because of the expense of fitting up; it costs so much money; we have to place ventilators in and prepare spaces, and if it is for one voyage, it does not pay us."

Q. It would not pay for a temporary service?—A. No.

Q. Yours was a temporary service at that time?—A. Yes. Now you can take a chance, but there is no more business there.

Q. There is no suggestion of your line charging more for Canadian steers than for American steers going over?—A. No, sir.

By Mr. Sales:

Q. You are the freight traffic manager of the Canadian Steamships Company?—A. Yes, sir.

Q. What relation have you to that long named company, the Inter-continental Transport Service?—A. The Canadian Steamships Line are general agents and managers in Canada for that service.

Q. You are general agents for those owning the three ships?—A. We have three ships in that service.

Q. Has that service any relation to the Standard Shipping Company that we know so well in the West?—A. Not to my knowledge. No, this is a straight clear-cut steamship company.

Mr. CALDWELL: It is not amphibious?

By Mr. Sales:

Q. You have five Norwegian ships?—A. Yes, sir.

Q. And three of yours?—A. Yes, sir.

Q. And they are combined in the Inter-continental Transport Service?—A. Those eight boats are operating in that service.

Q. They are combined?—A. Not combined.

Q. Are they not?—A. No, they are owned by their respective owners.

Q. What service does this Inter-continental Transport Service render?—A. Do you mean render to the owners?

Q. Render to those three ships of yours and to the Norwegian ships?—A. The idea is this: Those three ships and the Norwegian five ships form a line called the Inter-continental Transport Service. We charter for them and secure business, but the profits and all that is a matter of agreement between the interests in Norway and the interests of our Company in Montreal. I do not know much about that.

Q. You get a percentage on the freight?—A. I have no knowledge of the internal arrangement.

Q. You represent this company at the weekly meetings?—A. Yes, sir.

Q. Are any arrangements entered into on behalf of the Canada Steamships Line as to the Norwegian ships?—A. The Canada Steamships are not represented at all. I act as traffic manager for both companies; when I go there I am not the Canada Steamships man.

Q. Those agreements which are, I understand, arrived at on Tuesday, will hold, I suppose, until the following meeting?—A. Not necessarily; they can change it the same afternoon.

By the Chairman:

Q. They can call an emergency meeting?—A. Possibly it might be arranged that way.

The CHAIRMAN: Thank you very much.

By Mr. Stansell:

Q. One of the other witnesses mentioned the International Mercantile Marine as having some connection with this company. What relation has your Intercontinental Transport Service to the International Mercantile Marine?—A. I think that was misunderstood. The steamships company referred to is on its own, embracing three or four companies inside it. It has nothing to do with any other steamship company in Montreal or New York. They are just as much a line as the Cunard Line itself. They have no connection with any other interests at all. They are a company within themselves entirely.

Q. That is your company?—A. No, I thought you had reference to the International Mercantile Marine.

By Mr. Gardiner:

Q. Can you give the committee any information with regard to the increased cost of operation at the present time as compared say, with before the war?—A. You see, I am not the business adviser in that case. We only started to operate in the latter part of the war, and we had no history behind us from which we could quote figures.

Q. You have no figures to show what the cost of operating your boats would be?—A. We have figures in our operating department, on what it would cost to operate our boats, but my knowledge of that is of a general character, what I hear said and discussed, and what the gentleman said before me about the operating costs is, so far as my understanding goes, true. My purpose is to get traffic for the boats.

Q. You have no actual information that you could give the committee in regard to operating costs at all?—A. I have not.

Q. Who is the person in your employment who would be able to give this committee that information?—A. Mr. Enderby, the operating manager.

By the Chairman:

Q. Do you know Mr. Fetterhoff in New York?—A. Yes, sir.

Q. What does he do?——A. He is the freight traffic manager of the White Star Line.

Q. Has he got anything to do with the International Mercantile Marine? —A. I assume he would be freight traffic manager of that company too, but Major Currie will tell you all about that.

The CHAIRMAN: Alright. We will now have Mr. Cunningham. Thank you very much Mr. Doherty.

W. A. CUNNINGHAM called and sworn.

By the Chairman:

Q. You are with the Canadian Government Merchant Marine?—A. Yes, sir.

Q. What position do you occupy with that concern?—A. Traffic manager.

Q. Have you heard the evidence given by Major Currie?—A. Yes.

Q. On the whole do you agree with the correctness of the answers he gave to the questions?—A. Yes, sir.

Q. What have you got to say, Mr. Cunningham, as to this discrimination which our flour suffers in transport from New York either in British or Canadian bottoms?—A. There are no Canadian bottoms operating from New York, so far as I know. I do not know that that discrimination does exist to any extent. It may in an odd case, but my information is that Canadian flour is being handled by the lines from New York the same as American flour. I have heard that there have been cases where one or more lines have charged a higher rate, but I do not know that.

Q. What lines have charged a higher rate?—A. I really do not know that.

Q. You are not quite willing to admit that my informant is correct in the statement he has made?—A. I would say, not correct wholly. As I say, no doubt there have been cases where a higher rate has been charged on Canadian flour, but I do know that there has been lots of Canadian flour moved out of New York at the same rate as American flour.

Q. Do you attend the regular Tuesday afternoon meetings of the steamships' agents in Montreal?—A. Sometimes, whenever I can.

Q. Just what do you do when you get there, Mr. Cunningham? Are you battling for lower rates on behalf of the Canadian people, or are you falling in line with the other lines?—A. We have times, when we have occasion to announce that we propose making reductions.

Q. What sort of reception does that announcement get at those regular Tuesday afternoon meetings?—A. It is a very friendly reception. I might explain, in order to clear this thing up, that the Canadian Government Merchant Marine sits in at those meetings with the view of keeping in touch with conditions for the good of business, not only for the steamships, but the exporting business generally. But we reserve the right in all cases to meet the Canadian exporter where our information shows that he deserves or is entitled to consideration.

By Mr. Caldwell:

Q. You reserve the right to make your own rates?—A. Absolutely.

By the Chairman:

Q. You arrange a rate at those meetings; the rate is arranged at those meetings?—A. Well, I do not know that I would say that.

Q. What is the object of the meetings if it is not to arrange rates?—A. It is to keep in touch with one another as to the situation from time to time.

Q. And is that done by each one telling the other what he proposes to charge?—A. Yes.

Q. Did you ever leave any meeting proposing to charge different rates from those who were in attendance at the meeting?—A. Oh, no, I would say not.

Q. You would say not. When you are asked for a rate, let us say a day after the meeting, a rate on a certain commodity, what rate do you in the first place quote?—A. We quote the rate according to our tariff.

Q. According to the tariff which has been arranged the day before with the representatives of the other lines?—A. Oh, no, no, not necessarily.

Q. I am not asking you as to whether it is necessary; I am asking you is it a usual thing—you have told us that you attend those meetings where rates are discussed, and you say that you attend with the reservation always of being able to depart from this rate if you think it is in the public interest to do so?—A. Yes.

Q. Tha is, I understand the position you assume. Now, admitting that, when you are asked the day after the meeting for a rate on a commodity, what rate do you as a matter of custom quote to the inquirer?—A. The rate we have in our tariff.

Q. Even if that rate in the tariff was different than the rate agreed upon the day before?—A. It would not be different.

Q. It would not be different?—A. I do not say we agree on rates the day before, but our tariff would always be made to conform with what our rates are—what our basis is.

By Mr. Gardiner:

Q. How do you build your tariff rates?—A. You have got me there; that is beyond me.

The Chairman:

Q. If they are not builded are they not put together on Tuesday afternoon? —A. No, there have been times where there have been changes in the rates as a result of the discussions at the Tuesday meetings.

Q. Now, supposing you have attended a meeting on Tuesday afternoon, and the next day you are asked for a rate on butter. You have agreed, or it has been agreed, the afternoon before, for a rate of $1.40 per 100 pounds. Would you consider yourselves at liberty to quote a rate, say, of $1.30 per 100 pounds without conferring with the other lines?—A. Not without conferring. I would feel it was only fair on my part to notify them.

Q. Now why,?—A. Because when we were asked to sit in at the meetings of these lines we agreed to do that, and, while holding ourselves free, we certainly would not take advantage of sitting in at these meetings and then perhaps going out and doing something—

Q. It would not be fair to the other men in the same line of business, if you did that?—A. No.

Q. Will you tell me this, Mr. Cunningham, how long have you been connected with the Canadian Government Merchant Marine?—A. Since its organization.

Q. You have been running three or four years?—A. 1919.

Q. Now, during those three years, let us say, how many times have you quoted a rate lower than the rate agreed upon to shippers?—A. Oh, I cannot tell you that.

Q. About how often—have you departed once a week from the rates you agreed upon?—A. I cannot say that; I really cannot. That is too large a question.

Q. Has it been frequent?—A. We have frequently departed from our tariff rates.

Q. Can you give me an idea of how frequently?—A. No, I would not really like to say that.

Q. Would it be once a month?—A. I would not say it would be once a month. That is, it would be monthly, but the number of months involved—oh, I would dare say it would.

Q. Would it average up once a month?—A. I think so.

Q. Would it deal with more than one shipper?—A. Oh, yes.

Q. It might deal with a number of shippers?—A. Yes, but always Canadian shippers. Mr. Caldwell knows my views on that pretty well.

Mr. CALDWELL: Yes, I think if it were not for Mr. Cunningham, we would have been up against it worse than we were.

The CHAIRMAN: I am not criticizing you, Mr. Cunningham. We want the information of how this thing is done.

Q. Mr. Curry gave us to understand that the rates charged upon butter, cheese, live stock, chilled meats, apples, canned fruit, and vegetables were all rates established after conference between the different lines?—A. No, I think he excluded the live stock.

Q. Well, apart from live stock, you would agree with him?—A. Yes. As far as we are concerned. We feel we should follow to a certain extent the rates that are considered satisfactory by the other lines.

Q. Have you ever taken into consideration the possibility of your regarding yourselves as a sort of moderating force in order to insure a lower freight rate compatible with proper business methods for the Canadian people?—A. That is no doubt one of the reasons for the existence of the Company, to encourage the Canadian export business, not only on the Atlantic, but particularly on the Pacific Coast.

By Mr. Sales:

Q. Is there a tariff issued after this meeting, Mr. Cunningham?—A. No sir.

Q. Not a printed copy?—A. We issue our tariff.

Q. After these meetings? An agreed-upon tariff?—A. Well, naturally we make a record, and we follow the tariff.

Q. What shape does the record take? You would get a copy of it?—A. Oh, no sir.

Q. You did not carry these things away in your mind?—A. We issue our own. I issue nine in my own office.

By the Chairman:

Q. You do not keep any minutes of these Tuesday's meetings?—A. No, sir.

By Mr. Sales:

Q. Does the North Atlantic Conference issue a tariff, Mr. Cunningham?—A. Yes.

Q. They do?—A. Yes.

Q. A printed tariff?—A. Yes.

Q. Have you one with you?—A. No, sir.

Q. Could you supply this Committee with one?—A. I could ask the New York office of the North Atlantic Conference—

By the Chairman:

Q. You will ask the New York office whether you, an employee of the Canadian people, shall give to the Committee of the Canadian House of Commons something within your knowledge?—A. No, you misunderstood me. I will ask them if they can furnish one.

By Mr. Sales:

Q. You have one in your own office?—A. Yes.

Q. You can forward it from your own office to this Committee?—A. If I am instructed to, I can, yes.

The CHAIRMAN: I will so instruct you, Mr. Cunningham.

By Mr. Sales:

Q. Is it not a fact that the Canadian Government merchant steamers at Halifax lost a great deal of business due to the fact that you could not or would not break the New York pool rate—that is, on apples specially—and consequently Norwegian steamers got the business at a lower rate, about two years ago?—A. No sir, that is not a fact, because we had at the time but few steamers available for the apples, and we chartered these for apples from Nova Scotia.

Q. You did not lose any business?—A. Yes, we got the business—

Q. You did not lose any business?—A. I dare say we lost business.

Q. For what reason?—A. Because the Norwegians secured it.

Q. Because you would not break the New York Atlantic pool rates?—A. No sir, excuse me. We met the rates the Norwegians were quoting.

Q. But you lost business previous to that time?—A. We lost business to the steamers who secured it before we could get it. We had three or four—I think it was either three or four or five steamers carrying cargoes of apples.

Q. Who set your rates at that time? Was there any such thing as a New York pool rate?—A. I do not understand that question. I do not know just what you mean by "a pool."

Q. Is there any such things as rates issued by the shipping companies from New York, governing the ships at Halifax?—A. No, sir, not necessarily New York——

Q. Well, from any other place?—A. The rates are not different from New York than those from Philadelphia, Baltimore or Montreal.

Q. We want to get at what outstanding influences are at work influencing you in setting your tariff?—A. Well, so far as Canadian traffic is concerned, we frequently give effect to rates not in effect out of the American ports. That is as far as the Canadian traffic is concerned. That is the Canadian Government Merchant Marine's business. That is our whole interest, and we will not be bound by any conference.

By Mr. Caldwell:

Q. Would you like to make a statement with regard to the proposed rate from St. John to southern United States last fall? I am not pressing it, but if you care to make a statement——A. I do not know that there would be anything I could say. Unfortunately it fell through, and I think you will bear me out, Mr. Caldwell, that it was not on account of any rates we were asking. I think we met the shippers in every way as to that.

By Mr. Gardiner:

Q. Do you carry cattle?—A. No, we will not be carrying cattle. The construction of our boats is such that to carry any cattle we have to use the top of the hatches, and the Government has declined to give us permission

this year, so the chances are we would not be handling any cattle. That is matter, however, for the President to rule upon, and he has not ruled on that as yet.

Q. Is it a fact you did offer to give us a cheaper rate to the southern part of the United States if we could get the price so that we could afford to pay the duty to ship our potatoes into Florida?—A. Yes.

Mr. CALDWELL: It had quite an influence on our steamship arrangement in Cuba, Mr. Chairman, but unfortunately it did not last only until the little squall was over as far as Cuba was concerned.

By the Chairman:

Q. You understand, Mr. Cunningham, that I, as Chairman of the Committee, have given you instructions to send to the Clerk of the Committee the tariff issued by the North Atlantic Conference which you have in your office?—A. Yes, sir.

By Mr. Gardiner:

Q. Have you any information to give the committee with regard to the cost of operating the Canadian Government Merchant Marine, more particularly as it is affected by the tariff rates?—A. On all commodities? The rates vary so much that it would be rather hard to answer that.

Q. You have no information you could give us along those lines?—A. The only way I could answer that would be to give an average of a carload, and an average of the operation on the voyage, per ton of cargo. I cannot give you that off-hand. I have not that information in my head.

Mr. GARDINER: Would it be possible, Mr. Chairman, to ask the witness to send that information along?

By the Chairman:

Q. Have you it available?—A. Our accounting department has it.

Q. Would you transmit that to the Committee?—A. What you want is the average cost per ton of freight to the United Kingdom, and the average operating cost. Is that what you want?

By Mr. Gardiner:

Q. The average operating cost in relation to the freight rates?—A. The average revenue will be the freight rates; you understand that I cannot pick out one commodity and give you the average cost.

The CHAIRMAN: I think that will be all. We are very much obliged to you, sir.

By Mr. Caldwell:

Q. Just a moment, I would like to ask another question. Is your rate to the West Indies the same as on the Royal Mail Steam Packets?—A. Yes.

Q. Just the same?—A. Yes.

The CHAIRMAN: Thank you, sir. Major Curry, there is just a question I would like to ask you.

Q. I understand from what one of the previous witnesses said that Mr Fetterhof is one of your head men of the White Star Line in New York? —A. That was not quite correct. He is the Freight Traffic Manager of the International Mercantile Marine. It is an American company, operating American ships out of American ports, to European ports. It also has financial interests in certain British companies.

Q. Has he directly or indirectly, anything to do with the White Star Line in New York?—A. The White Star Dominion Line is the Canadian service. I

explained in my evidence, that the White Star Dominion Line is owned by the Oceanic Steam Navigation Company, in Liverpool, England, and my principals are there. The International Mercantile Marine Company also holds certain stock in other companies.

Q. Among them?—A. The Oceanic Steam Navigation Company.

Q. That is where the relationship exists. Does Mr. Fetterhaugh exercise himself on behalf of your Line in New York in any way?—A. Yes, he is the Freight Traffic Manager of the I.M.M. Company steamers, and subsidiary companies.

By Mr. Sales:

Q. Mr. Campbell's evidence states that the cattle rate on the White Star Line boats was raised by Mr. Chambourg to $20. Do you know Mr. Chambourg? —A. That is not correct.

Q. And our Canadian lines followed suit?—A. That is not correct.

Q. That is the evidence of Mr. Campbell.—A. Mr. Chambourg is one of our shippers.

Q. Yes, and he bought all the space, he owned all the space, and apparently —I will read the evidence to you.

"You asked why it went up. I had freight booked for $15 for January and February. Mr. Chambourg, of New York—

By the Chairman:

Q. By the way, who is he?—A. Mr. Chambourg? He is a citizen of New York City who has been a very large shipper, all his life. He raised the White Star Line boats to $20, and our Canadian lines followed suit.

Q. Let us find this out. Did they follow suit simultaneously, or did first one follow and then another?

By Mr. Hammell:

Q. As a matter of fact, did these brokers outbid each other?—A. No; Mr. Chambourg is not a broker. He really is a shipper. Mr. Chambourg figured it out this way. I know Mr. Chambourg very well. He is shipping his own cattle, and is taking the space, or rather he has a broker taking the space off. He has Mr. Fetterhof taking his space. He figured he had better get it at $20, than let anybody else have it at $15. He started to get it from Portland but we did not let him get it all from Portland."

That is the interesting part of it, that Mr. Fetterhof was acting on behalf of Mr. Chambourg?—A. That is another Mr. Fetterhof. That, I take it, refers to C. M. Fetterhof & Company, steamship brokers.

Q. And is he related to the other Mr. Fetterhof?—A. C. M. Fetterhof is Mr. A. C. Fetterhof's son.

Q. He is the Freight Traffic Manager of the International Mercantile Marine?—A. Yes.

Q. And C. M. Fetterhof?—A. Is his son.

Q. A very nice family arrangement.

The CHAIRMAN: I do not think there are any other questions.

The WITNESS: I think perhaps I would like to explain a little in connection with the evidence that was given. I have not read the evidence myself, it was read rather hurriedly to me. Mr. Chambourg is one of our most important shippers. He ships very largely on steamers out of Boston, on I.M.M. ships, over which I have no jurisdiction whatsoever. He also ships a certain number

of cattle on our White Star Dominion Line steamers over which I have control, and Mr. Fetterhof in New York, that is, Mr. A. C. Fetterhof, the Freight Traffic Manager, looks after the letting of our White Star Dominion Line space in connection with anyone in New York. In other words, the I.M.M. Company in New York acts as the New York office of the White Star Dominion Line, and our traffic arrangements are handled through No. 1 Broadway, but he has no direct control over the space, I have the say entirely who shall get the space. I can give some to Mr. Chambourg through our New York office. C. M. Fetterhof & Company are the brokers for Mr. Chambourg. In regard to the suggestion that Mr. Chambourg made the rates, I most emphatically deny that statement.

By the Chairman:

Q. I think you misunderstand what the witness meant. What he meant was that his offer or demand for so much space had the effect of raising the price. —A. On the contrary, Mr. Chambourg is looking for the lowest rate he can get, and we simply say that our rate is so much, and he can take it or leave it.

By Mr. Caldwell:

Q. Would you not accept a higher offer if you got it from Mr. Chambourg? —A. No more from him than anybody else.

By Mr. Sales:

Q. According to Mr. Campbell's evidence, Major, Mr. Chambourg acted in this way: Here it is in the evidence. I asked the question:—

"He steps out and buys all the space for $20?" Mr. Campbell's answer was:—

"All he can get."

Then I asked this question:

"And deliberately raises the price?—A. Raises the rate $5 on himself."

Then my next question is:

"His object then would be that he would be the only man to whom these men having cattle could sell?"

Now that is the evidence, Major Curry. Those men stepped up and bought up all the space at $20. That is cornering space?—A. That is absolutely incorrect. He may have taken all the space on one or two steamers, just the same as we would give to the others on one or two steamers, to Mr. Coghlan, to Mr. Eastman, or to any other shipper. We have the *Cornishman* sailing from Portland to-day, and she has 850 head on board, and there are three different shippers, Mr. Chambourg is one of them. I would like to explain—I think it is only fair—about the $15 rate which has been referred to. That was a distress rate. We, I believe, were the only line, interested in cattle, that carried cattle at that low rate. We only carried it on three steamers. We had the fittings erected; we had the cattle fittings in place where we could not put other cargo. We had a steamer on this side of the water, and in order to get cattle when they were not moving we quoted that distress rate.

By the Chairman:

Q. An abnormally low rate, so that your boat would not go away empty?— A. That is right. Mr. Chambourg came in at that time very heavily. He evidently saw he could make a big profit at that rate, and he came in heavily on space in our next two steamers. We immediately decided, not Mr. Chambourg, that the cattle business was looking up and that we would put it back to

a normal paying basis. We then made our rate $20, and Mr. Chambourg took some of our space, and Mr. Campbell took some of our space.

By Mr. Sales:

Q. And the other Canadian lines followed suit?—A. No, I do not think so; they were $20 all the time.

Witness retired.

The CHAIRMAN: We have Mr. L. L. Cook here. He is a traffic man, a transportation specialist of the live stock branch, but we will ask him to come back another day, because we will not have time to hear him this afternoon. We will now call Mr. Cornell.

F. C. CORNELL, called and sworn.

By the Chairman:

Q. You are connected with the Canadian National Millers Association?—A. Yes, sir.

Q. What position do you occupy in that association?—A. Secretary.

Q. What is the association?—A. It is comprised of a group of millers of all sizes, that is relating to capacity, and distributed throughout the whole Dominion of Canada, approximately about 68 per cent of the total milling capacity of the Dominion.

Q. You kindly sent me the other day a letter indicating that there was a substantial discrimination suffered in the freight rates by Canadian flour whether shipped from Montreal or New York, or other Canadian ports, a discrimination running against Canadian flour, as compared with American flour, to the amount of from two to five cents per hundred weight. Will you kindly read that letter to the Committee, and indicate where you got your information, and whether you are prepared to substantiate on oath the information contained therein.—A. (Reads).

EXHIBIT No. 3

"March 13, 1923.

A. R. MCMASTER, ESQ.,
Chairman, Special Committee on Agricultural Conditions,
Room 451, House of Commons,
Ottawa, Ont.

Dear Sir:—

Confirming my conversation with you of last week, I am quoting hereunder the ocean rates on flour from Canadian and United States North Atlantic ports:

Ocean Rates on Wheat Flour—United Kingdom Ports

(All rates cents per 100 lbs.)

Destination	*From New York*		*From Can. Ports*	*Difference in*
	U.S.A. Flour	*Can. Flour*	*All Flour*	*Favour U.S.A. Fl.*
Aberdeen	18c	22c	22c	4c
Avonmouth	17c	19c	19c	2c
Bristol	17c	19c	19c	2c
Cardiff	17c	19c	19c	2c
Dundee	15c	19c	19c	4c
Glasgow	15c	19c	19c	4c

APPENDIX No. 3

Destination	*From New York*		*From Can. Ports*	*Difference in*
	U.S.A. Flour	*Can. Flour*	*All Flour*	*Favour U.S.A. Fl.*
Belfast	17c	19c	19c	2c
Cork	17c	19c	19c	2c
Hull	17c	19c	19c	2c
Leith	15c	19c	19c	4c
Liverpool	14c	19c	19c	5c
London	14c	19c	19c	5c
Manchester	14c	19c	19c	5c
Newcastle	17c	19c	19c	2c
Dublin	17c	19c	19c	2c
Londonderry	17c	19c	19c	2c

There is one steamship line operating from New York to London and Liverpool which is accepting Canadian flour at the same rate as flour milled in the United States. This line is the Reardon Smith Line and is not really a factor in the shipping business.

As already explained to you when making a high patent flour for the domestic trade a considerable amount of medium and low grade quality has to be made and there is practically no demand for the same in Canada. It has to be shipped abroad and whatever it can be sold for sets the price at which the higher quality can be sold for in Canada.

There is possibly no industry whose cost of manufacturing is so dependent upon export business as the flour milling industry. If you will refer to a memorandum submitted by us to the Committee on Agriculture and Colonization (see page 341, Minutes of Monday, May 1, 1922) you will note that an increase of 71,000 barrels in a 1,500-barrel mill has reduced the manufacturing cost by 19c per barrel, or in other words a total saving of some $14,000 was made in manufacturing costs over the preceding. If the mill took 10 cents per barrel profit on this business it would still leave a benefit to the consumer of 10 cents per barrel. There is also the matter of the mills being able to supply the demand for bran, shorts and middlings throughout the twelve months of the year.

If you consider it necessary I am prepared to appear before your committee to go into these matters in detail. I would request, however, you give me at least forty-eight hours notice.

Yours very truly,

(Sgd.) F. C. Cornell,
Secretary."

FCC/M

By the Chairman:

Q. Are you prepared to vouch for the correctness of those facts?—A. Yes, sir. I have here, Mr. Chairman, the rate last issued by Lunham & Moore, New York, Steamship Agents. They quote rates from New York, Boston, Philadelphia, Baltimore and Norfolk News, dated March 9, 1923, and attached to this rate sheet is a tissue paper memorandum headed:—

"Canadian Shipments—

"Referring to the enclosed rate sheet, we beg to advise that the rate on flour in sacks originating in Canada for shipment to United Kingdom ports, Irish ports, Rotterdam, Amsterdam and Antwerp is 19 cents per 100 pounds. Canadian funds.

"We can quote, however, to Liverpool and London by the Reardon-Smith line, 15 cents per 100 pounds. United States currency on shipments originating in Canada."

Q. You got that in the course of your business?—A. I get that every week.

Q. Those people are steamship agents in New York?—A. Yes, sir.

Mr. DOHERTY: Pardon me, he is a broker, not a shipping agent.

By the Chairman:

Q. Just what do these gentlemen do in New York?—A. They handle consignments for Canadian mills via New York.

Q. Do you deal with them in a business way?—A. We are not a commercial enterprise at all.

Q. Do the mills you represent deal with them?—A. Oh, yes, considerably.

Q. Are they men of reputation and standing?—A. Absolutely.

Q. And you have no reason to doubt the bona fides of those gentlemen, or the accuracy of this information?—A. Absolutely no. That rate sheet is distributed to every mill in the United States and Canada every week for their information.

Q. These are the present day rates?—A. Absolutely, on March 9th.

Q. What effect upon the agricultural life of Canada and upon the flour mills of this country has a high freight rate?—A. Well, sir, as far as the rate between wheat and flour is concerned, that is a matter which has been under contention for a number of years. We, as manufacturers in Canada, consuming a product which is taken from the land, which in no way depreciates the natural resources of the country, believe we should be given the same rate on flour that is afforded to wheat. That was recognized in Australia about three months ago, if my memory is correct, as an export rate to all parts, to all destinations from Australia, where they are carrying grain, and the rates are identical. That should be qualified, I must say, by the fact that a considerable amount of Australian grain is shipped in bags.

I want to speak about the Millers' National Federation. I heard this afternoon that it was political. It may have been, but I know it cost the United States millers somewhere around $150,000, and a few years pretty heavy fighting before they got what they wanted. They spread their averages, as I understand it, about 5 cents over the prevailing grain rates from the United States North Atlantic ports. The rate, according to my information to-day, from Canadian North Atlantic ports on heavy grain, runs about 9 to 10 cents per hundred pounds against our 19 cents on flour. That means a difference of 9 cents a hundred pounds, or 18 cents a barrel. When we are manufacturing flour for the domestic trade, we have to put on the market a high patent flour, the public demand it, and they will not use anything else. We have tried time and time again to sell a low-grade flour in the Dominion of Canada and they will not buy it, and it has cost a mint of money to find that out. We have a large amount, running possibly about a quarter, in normal times, of our flour in a low-grade quality, which we must sell outside the Dominion of Canada or else dump it, and that would put the price of the west flour away up at the roof. We have to sell that flour in competition with United States millers, who can bring spring wheat flour, from the northwestern states, a flour almost identical, in fact, it has been proven this year that some of the flour coming from Minneapolis, in the U. K. market is of better quality than we have been able to put up this year. It is only in very small quantities, and is only available in small consignments.

By Mr. Sales:

Q. Do they send any spring wheat flour over to the Old Country?—A. What do you mean?

Q. I mean flour, milled from the spring wheat only, from the Dakotas?—A. Yes, they do, but it is in limited quantities.

Q. Are you sure it is all American wheat?—A. East of Buffalo; Buffalo and east.

Q. No Canadian wheat going through Buffalo?—A. There is some wheat going through Buffalo, and being milled.

Q. In considerable quantities?—A. We have been unable to find that out. I have made inquiries in New York and Washington, and I cannot find the amount of Canadian wheat that has been ground and bound by the United States millers.

Q. You are quite prepared to be certain that the Americans do ship a flour which contains nothing but spring wheat?—A. Absolutely.

The CHAIRMAN: Will the witness just follow along now.

The WITNESS: We have to sell this off-grade or low-grade flour, or first clear, as we call it, at the same price at which our American competitors are selling in the United Kingdom market. We have, in this country, a total milling capacity of in the neighbourhood of 120,000 barrels a day. We have a total output of around 17,000,000 barrels a year. The United States millers export more flour, on the average, every year, than we manufacture. Their output is about 130 million barrels. It has been a known and accepted fact for years, that one big milling company in Minneapolis has never turned down an export contract. They want to keep in touch with all markets. The net result is that we have to absorb considerable of this 18 cents on this low-grade flour.

By Mr. Sales:

Q. You do not quote the American milling capacity.—A. The American milling capacity—it is a question which is causing very much discussion; the Government issued some figures, I have forgotten what they are, but they were not accepted.

Q. In your Canadian figures, are you including all the small mills?—A. No, sir. I am including what we call the commercial mills.

By the Chairman:

Q. When you say you have to sell your low-grade flour, that you ship outside the country, you have to sell that for the price you can get?—A. Within reason. We have to accept the best price we can get.

Q. And if your freight rates are too heavy, or heavier than your American competitor you have to charge higher for your finer grades of flour?—A. It is reflected back in the cost somewhere; it might come in the feeds, it might come in reduced output and additional overhead cost, wherever we can get it.

By Mr. Sales:

Q. Will you say this, that you do not export any flour to the Old Country which is what you call the top patent?—A. No, we ship a top patent flour to the Old Country.

Q. And sell for less than in Canada?—A. No, sir.

Q. That accusation has been made many times.—A. Yes, but it has never been proven. I have thought of that question. I knew it would come back to me within the next year, and I have had occasion to go through the books of one of the largest mills, who keep their accounting system absolutely separate.

Q. It has not been proved at any time?—A. I would not say that, and they have even sold flour on the domestic market below cost, to maintain connection.

Q. I am talking about the lower British price.—A. Which Canadian price?

Q. What you are charging for it.—A. That is a very indefinite quantity.

By the Chairman:

Q. If a big baker goes to the mills, he will get it cheaper than would a poor but honest lawyer.—A. Mr. Sales knows that himself.

The CHAIRMAN: Is there any other question to ask this witness?

Mr. SALES: I do not believe he is through.

The WITNESS: I think I am through now.

The CHAIRMAN: I wanted to point out how the expense, the expense of the high ocean freight rates added to a low rate for flour may be reflected back in the price to the Canadian consumer, the price he would have to pay for high grade flour, or that the farmer would have to pay for bran or shorts.

By Mr. Caldwell:

Q. If the American millers are able to compete in the European markets, and make you sell at less than you can sell for, why should they not compete here?—A. In the British market—we have to put our flour in there. We have to compete with the United States competitors. Now, you can talk about the British miller, and about our holding our prices in this country, to a point where we are taking an abnormal profit from the consumer. I would tell you, sir, that we only have the protection of 50 cents a barrel against the American miller.

Q. And that is what makes you charge more for your flour in Canada?—A. No. If these big companies in the United States came in to corral this market, 50 cents a barrel would not mean anything to them. If you take the ratio of wheat to flour, we have no protection. Under our tariff, we have a preference to flour coming in, as against wheat.

By Mr. Sales:

Q. Just one question, please—

The WITNESS: Pardon me. Primarily, we would like the same condition to apply on Canadian flour for Canadian consumption as the United States millers are enjoying.

By Mr. Sales:

Q. While these shipping gentlemen are here, perhaps one of them would kindly answer a question. It was stated by Mr. Campbell that carrying wheat at this price clearly paid the shippers. If we granted this lowering of the cost of carrying flour to the American standard, would that reflect itself in an increased price in carrying wheat?

Major CURRY: You ask if the rate on flour is reduced, will that result in the rate on wheat being increased?

Q. Yes?—A. I do not think it will have any connection with it at all. The rate on wheat is fluctuating from day to day, and the rate on flour has fluctuated considerably. There is no connection between the two, none whatever.

Q. If you have to reduce your charge for carrying flour, you would have to make it up somewhere?

Mr. DOHERTY: Or take the loss.

Mr. CURRY: We have reduced our rates on flour to 19 cents a bag, and the rate on oatmeal is 30 cents. We will take all the oatmeal we can get on that basis. Flour is on a very preferential basis.

By Mr. Caldwell:

Q. A hundred of oatmeal is much bulkier than flour, but a hundred of Canadian flour is not bulkier than a hundred of American flour.

Mr. CURRY: They may reduce the American rate to-morrow. They will not let us know if they do.

Mr. DOHERTY: Mr. Chairman, is there not evidence on file in the Department here about relative rates on grain and flour, the result of an investigation or complaint about two years ago by the Millers' Association, when Mr. Coates addressed the Department on this, and gave statistics and information that showed our cost of handling flour as compared with grain? It would be a very good thing to have to study out on the situation.

The CHAIRMAN: Thank you very much, Mr. Doherty, for that information.

Mr. DOHERTY: I think I can give you reference to the time that discussion took place, sir. August 4, 1920. The Department of Trade and Commerce have all the records of that.

By the Chairman:

Q. There was something else you wanted to say, Mr. Cornell?—A. There was one point mentioned by Mr. Cunningham, that is the fact that some Canadian flour is moved via New York on a cheap rate. I had that rumour passed to me several times. It is not anything new; this discussion between New York and Montreal. It has been hanging over, that I know of definitely for the last year and a half anyway. I went to New York to investigate and I believe that it was through misrepresentation of the product that a cheaper rate was obtained. In other words, the brokers at New York claimed that that flour was milled in Buffalo, or was milled in a United States mill. They got a cheap rate, but within the last two months they have been billed back with the difference at that time between the Canadian and United States flour, and they have had to pay it.

This was further substantiated in a letter which I have from the Barr Shipping Corporation, New York, dated March 5th, in which they say:—

> "It has recently developed that some brokers have been making bookings with steamship companies of flour that they claim to be United States origin and thus obtain United States flour rates. Apparently this deception has been made in an endeavour to deceive the steamship companies into believing that flour originated in the United States and thus entitled to that rate. However, as you are aware, all shipments of flour from Canada to United States for export comes in bond and steamship companies are obliged to certify to the collector of customs at port of exit that all in bond shipments have actually been exported, otherwise customs officials will require consignees to pay duty. When steamship companies are asked to certify to these export affidavits, they immediately check up to ascertain whether flour was loaded aboard steamer and then learn whether same was declared as of United States or Canadian origin.
>
> "There have been a number of instances of this nature recently and steamship companies immediately call upon the shippers to reinburse them for the difference in the ocean rates as they claim shippers are a party to the subterfuge in accepting contract knowing that lower rate has been procured by deceptive means. We have been very careful not to place any of our shippers in this position, and while we are personally against the practice of differentiating between Canadian and United States flour, at the same time, we are endeavouring to procure the lower rates by lawful means and thus avoid jeopardizing the interests of our principals.
>
> "As stated, we are in position to offer you lower rates to London and Liverpool on United States Navigation steamers, but assure you that the

Cunard, International Mercantile Marine, Furness Withy & Co., etc., will not knowingly, accept contracts covering Canadian flour at United States flour rate. As a matter of fact the Cunard Line are commanding that brokers specifiy on the contract the origin of the flour."

By the Chairman:

Q. Does that mean the American boats take from our boats?—A. I think the United States steamers and the Riordan Smith are one and the same thing.

Q. Where did this letter come from?—A. The Barr Shipping Company, New York.

Q. Do you know what sort of people they are?—A. They are in the same class as Lunham & Moore.

Q. Have you any doubt about the correctness of the statement?—A. I have absolutely none. I verified it myself.

Q. You went to New York yourself?—A. Yes.

Q. You found out that what they say is correct, from your own investigation?—A. From my own investigation, and from my own knowledge as gained in several ways.

The Witness discharged.

The Committee adjourned until Friday, March 16th, 1923.

HOUSE OF COMMONS,

COMMITTEE ROOM 424,

FRIDAY, March 16, 1923.

The Special Committee appointed to inquire into Agricultural Conditions throughout Canada met in executive session at 3.30. Mr. McMaster, the Chairman, presiding.

The CHAIRMAN: Before we start the work which I outlined yesterday, I wish to bring these facts before the Committee. After the meeting was over yesterday, Mr. Caldwell got into communication with Mr. Cunningham, who was examined. You will remember that I had asked Mr. Cunningham a question, practically in these words: "You did not keep minutes of the meetings of the representatives of the steamships?" to which he answered, "No, sir." In his conversation with Mr. Caldwell, Mr. Cunningham said that he thought that I was asking him the question personally, and that he had not personally kept the minutes, but that minutes had been kept.

Mr. SALES: That is, of those Tuesday meetings?

The CHAIRMAN: Of those regular Tuesday afternoon meetings. I therefore took it upon myself to wire Mr. Cunningham this morning in these words:

"W. A. CUNNINGHAM,
General Freight Agent,
Canadian Government Merchant Marine,
Montreal, P.Q.

Yesterday, in your examination, I asked you the following question: 'You did not keep minutes of the meetings of the representative of the steamships?' to which you answered, 'No, sir.' I am informed that your

answer was predicated on the assumption that I was referring to you personally. Such not the case, my desire being to find out whether minutes were kept. Please wire immediately who kept minutes, and in whose possession such minutes are.

A. R. McMASTER, *Chairman.*"

Just a little while ago I received this answer.

"A. R. McMASTER, M.P.,
OTTAWA.

Yours date. Your information is correct, that in answering yesterday regarding minutes of meetings I construed it to mean a personal matter. There is no permanent chairman or secretary, but usually representative in whose office meeting is held acts as the chairman and makes up memo of proceedings. Canadian Government Merchant Marine representatives attend on invitation from lines, and never act as chairman. Therefore they never made up any minutes.

W. A. CUNNINGHAM."

You will note, gentlemen, that Mr. Cunningham does not answer my question as to where these minutes are, in whose possession these minutes are, and he says that the representative at whose office the meeting is held acts as chairman and makes up a memorandum.

Discussion followed.

The CHAIRMAN: I see that Dr. Grisdale has arrived, and perhaps we might ask him to give the figures which he has in connection with Mr. Robinson's resolution in regard to the Federal Grant to the provinces under the Agricultural Instruction Act.

Dr. GRISDALE: I may say that the amount on which these figures are based is not $900,000, but a much larger amount.

The CHAIRMAN: The proportion would be the same.

Dr. GRISDALE: Yes, the proportion would be the same. So that it does not make any difference.

Mr. CALDWELL: What are the figures based on?

Dr. GRISDALE: On one million and a quarter dollars.

Mr. ROBINSON: On what population?

Dr. GRISDALE: I have the figures for both here, the rural population and the total population.

Mr. ROBINSON: What was the unit.

Dr. GRISDALE: I think it was 5,000 of a population. That we took as excluded from rural population. I will give you the exact figures and then you can figure them down to the $900,000. It will just be about two-thirds.

Mr. ROBINSON: Which are you giving us first?

Dr. GRISDALE: I will give the basis of the total population to begin with.

Alberta	91,747
British Columbia	83,959
Manitoba	94,388
New Brunswick	67,291
Nova Scotia	83,869
Ontario	377,688
Prince Edward Island	30,804
Quebec	307,890
Saskatchewan	112,359

Now then, following this down in the same order, based on the rural population—

Hon. Mr. SINCLAIR: Is this based on the population of 1921?

Dr. GRISDALE: Yes.

Mr. CALDWELL: You are taking them in the same order.

Dr. GRISDALE: Yes.

Alberta	$108,405
British Columbia	86,994
Manitoba	104,282
New Brunswick	83,708
Nova Scotia	91,778
Ontario	316,589
Prince Edward Island	36,815
Quebec	271,183
Saskatchewan	150,244

Now, that is on the basis of the population rural and total, and each province received in the first place $20,000. They were given a straight grant of $20,000. That is the way it has been done for nine years.

Hon. Mr. TOLMIE: How does that figure out in British Columbia?

Dr. GRISDALE: $3,000 of an increase by rural population.

Hon. Mr. TOLMIE: Where do you get that million and a quarter?

Dr. GRISDALE: That was just an imaginary figure.

Mr. CALDWELL: $900,000 is just two-thirds.

Dr. GRISDALE: Just two-thirds of that.

Mr. CALDWELL: This gives the proportion.

Dr. GRISDALE: Yes.

Mr. CALDWELL: You would not get the right figure by taking two-thirds of those figures, because in the first place $20,000 was taken out.

Dr. GRISDALE: You would subtract $20,000.

Mr. CALDWELL: But two-thirds of those figures would not give us the correct figure.

Dr. GRISDALE: No.

The CHAIRMAN: This matter is laid on the table for future consideration, but Mr. Sinclair suggests that we might put a few questions to the witness.

Dr. GRISDALE: I did not come to be a witness; I just came—

The CHAIRMAN: I understand, you just came to help us. Mr. Sutherland suggests that you might explain what the method of distribution is now. How is it practically worked out?

Dr. GRISDALE: Do you mean, what use is made of the money?

The CHAIRMAN: First of all, how do you distribute it, and what do the provinces do with it?

Dr. GRISDALE: This year we distributed by giving first $20,000 to each province and $20,000 to the veterinary colleges. The $20,000 to the veterinary colleges is distributed according to the total attendance at these colleges of Canadian citizens. Supposing there were 100 students at the two colleges—there are two veterinary colleges in Canada, one at Guelph and one at Montreal—if there were 100 students, that would mean that the college would receive a grant of $200 for each student, or pro rata for whatever number was

in attendance. If there were 75 at Guelph and 25 at Montreal, they would get 25 times $200 or $5,000.

Hon. Mr. TOLMIE: Or 75 times $200.

Dr. GRISDALE: Yes, at Montreal. That is for Canadian students. There may be, and often are, American students at those colleges, but they are not considered in making the pro rata division. While each province is given $20,000 and the veterinary colleges receive $20,000, ten times $20,000 leaves $900,000 which was divided for this year on the basis of a total population according to the census of 1911. I have the amount here granted to the largest one. This is added to the $20,000, and it gives the total that the province receives. The first year it was divided, it was given on a population basis entirely, without the $20,000, but certain small provinces were found to suffer very materially, and the system was changed. The allocation of this money has to meet with the approval of the department. Dr. James met with all the departments of agriculture of the different provinces, discussed the matter thoroughly, considered the different avenues in which those expenditures might be made as proposed by the provincial governments, or suggested by himself, and an agreement was reached. Dr. James died, and he was succeeded by Mr. Black who took a very active interest in the matter. He practically continued the same policy as had been adopted by Dr. James in collaboration with the provincial departments. Since Mr. Black's return when he went to the Soldiers' Land Settlement Board, we have not made any changes at all. The distribution has been carried on under my own personal care, and I have not had time to discuss the details very fully, as you can understand. In any case, it had been so well established that any change or innovation was not likely to be of much importance at this time when the grant had only two or three years to run.

The CHAIRMAN: What do the provinces do with it?

Dr. GRISDALE: The provinces use it in support of their agricultural colleges largely. Ontario gives a very large proportion to them, and all the other provinces give greater or less amounts. In addition, they give a large amount to their district representatives. Each province, I think without exception now, has a system of district representatives, by which men are located in different parts of the province to co-operate with the local interests and direct local activities, in progressive agriculture, such as school gardens, co-operative organizations of one kind and another, the different farmers' institute, and different organizations of that character.

Mr. CALDWELL: Women's institutes?

Dr. GRISDALE: Women's institutes, and all kinds of activities.

Mr. ROBINSON: Seed fairs?

Dr. GRISDALE: Seed fairs.

Dr. MCKAY: Is there any uniformity in the distribution of the different provinces?

Dr. GRISDALE: More or less. They all give to the agricultural colleges; all to the district representatives, and they all use it for those different activities which I have mentioned, such as seed fairs, women's organizations, school fairs and school gardens.

Mr. CALDWELL: Does each province allocate the money as it sees fit?

Dr. GRISDALE: Not exactly.

Mr. CALDWELL: In making the different allocations of the money to the different activities, it must all go to agricultural education?

Dr. GRISDALE: Almost all. A little of it goes to some instruction in the schools. A small amount goes to manual training, or work of that character, especially in Ontario.

Mr. SUTHERLAND: It must be approved by your department?

Dr. GRISDALE: Yes.

Mr. CALDWELL: Does that include the science departments of schools?

Dr. GRISDALE: Yes, but not very much goes to that.

Mr. CALDWELL: Does any go to the vocational schools?

Dr. GRISDALE: Do you mean the one at Woodstock, for instance?

Mr. CALDWELL: Yes.

Dr. GRISDALE: A small amount.

Mr. ROBINSON: The idea is, is it not, to encourage the teaching of what you might call rural science, and it is supposed to apply to rural districts?

Dr. GRISDALE: Almost entirely, or to something that will affect the rural population later on, if not to begin with. I think that covers the whole field. Sometimes some special research work is supported, sometimes a province will ask that a certain amount be diverted to certain interests; for instance, in Ontario they established a school at Kemptville, and we allowed a large amount of money to go there to help them to organize and help them get their buildings into shape, and so on.

Dr. MCKAY: What is the unit for the Dominion for differentiating between rural and urban?

Dr. GRISDALE: 5,000.

Dr. MCKAY: Why did you take 5,000?

Dr. GRISDALE: A place smaller than that is usually just where retired farmers gather, with a few small factories; they have to do with very few rural activities. Take Vankleek Hill, which is between here and Montreal, with a population of 1,500. There is nothing there except retired farmers, a lumber mill, and a saw mill.

Dr. MCKAY: I thought farmers were not supposed to retire?

Dr. GRISDALE: If you visit any Ontario village, you will find lots of them.

Mr. SUTHERLAND: What was the first allocation of the $20,000 to each province based on?

Dr. GRISDALE: It was an arbitrary figure, absolutely. I do not know the arguments that were adduced at the time. That was back in 1912-13.

Mr. SUTHERLAND: Apparently it does not correspond with the spirit of this resolution.

Mr. CALDWELL: This only refers to what is left after the $20,000 is granted.

Dr. GRISDALE: I do not think it would be advisable to do away with that $20,000.

Mr. ROBINSON: My reason is that it will affect Prince Edward Island more than any other part of the Dominion.

Dr. GRISDALE retired.

Committee adjourned at 5.45 o'clock p.m. to meet on Tuesday, March 20th, 1923.

APPENDIX No. 3

HOUSE OF COMMONS,
COMMITTEE ROOM No. 268,
TUESDAY, March 20, 1923.

The Special Committee appointed to inquire into agricultural conditions throughout Canada met at 3.30 p.m. Mr. A. R. McMaster presiding.

WILLIAM ARTHUR CUNNINGHAM, called and sworn.

By the Chairman:

Q. Mr. Cunningham, you have with you I think the files containing the tariffs issued from time to time by the Northern Atlantic Conference, Eastern-bound since the year 1919?—A. I have with me all those.

Q. Will you kindly first of all produce those files; you produce first of all a document which we will mark Exhibit number 4, with evidence of Mr. W. A. Cunningham?—A. Yes.

(Document marked Exhibit No. 4.). (Not printed.)

Q. Will you tell us briefly just what this file of documents contains; speak loud enough, so that the reporters will hear you with ease, as well as the members of the Committee?—A. This file contains a list of rates issued by the North Atlantic U.K. Conference of New York.

Q. That is extending from what date to what date, or what dates do these documents bear?—A. The original tariff was effective October 9, 1922.

Q. Is that therefore the last tariff issued?—A. There is another one issued. I have been working on it.

Q. Have you got it with you?—A. As a matter of fact I don't know that I have it. No, sir, I have not got it, because I do not believe it was issued to everybody.

Q. Who did have a copy?—A. I know it is coming out.

Q. Who had a copy; you say it was not distributed to everybody; who did have a copy?—A. The Secretary, at New York.

Q. The Secretary at New York had a copy?—A. Yes. That would be Commodity List No. 22, if the one you have is No. 21. They are numbered in series.

Q. This Exhibit No. 4, Mr. Cunningham, which you have produced, is known as Commodity List No. 21. It is headed " Confidential " and it bears the serial number 100. It contains 14 pages, does it not?—I want to get this on the record. It contains 14 pages, and it extends from Addressographs down to Zinc Oxide?—A. Yes.

Q. Do you know anything in the wide world or under the blue canopy of heaven which is not provided for in that list? Anything that is not found in the body of the tariff is found in the headings?—A. Yes.

Q. And the headings apply to Absorbent Cotton, Acetate of Lead, Acetate of Lime, Acetate Acid, Acetone, Motion Picture Films, Clock Movements, Dental Goods, Drugs and Medicines, Surgical Gloves, Surgical Instruments, Magnetos, Needles, Saccharine, Surgical Gloves and Instruments, Therum, Toilet Preparations, Vanadium, Eversharp and Everready Pencils, Fountain Pens, Furs, Gold Beater Skins, Green Salted Seal Skins, Leather (Finished), Razor Blades, Silk Goods, Watches and parts, and other goods including express goods and optical goods?—A. No, sir.

Q. Where they have forgotten anything, what do they do?—A. Commodities not enumerated, commodities not being represented having a rate of 60 cents per hundred pounds or 30 cents per cubic foot ship's option.

Q. I suppose the ship always charges the lowest figure does it?—A. No, it does not.

Q. Now, Mr. Cunningham, along with this Commodity List No. 21 are 23 pages of typewritten matter, which pages contain what?—A. That is a typewritten copy of the tariff you have accepted or asked about as in Exhibit No. 4. I was instructed to make a copy of that tariff, and that is a copy of it.

Q. Are you sure you are correct?—A. Yes, sir. You will find the typewritten copies are duplicates of this tariff.

Q. Have you a copy for your own use?—A. Yes.

Q. You can leave both these with the Committee?—A. Yes.

Q. All right, we will put them all together. After these rates are established, these lists are circulated to all the lines that are connected with the North Atlantic Conference?—A. Yes.

Q. Then they are to maintain these rates mentioned in the schedules; am I right in that?—A. Yes, until there is some reason for a change in the rate.

Q. Who decides about the reason for a change; does the individual steamship line, or does the Conference decide that?—A. So far as the Canadian Government Merchant Marine is concerned, we come to our own decisions, and as I stated last Thursday, in sitting in at these meetings we reserve the right to independent action.

Q. But other people who are not actuated with such a high regard for the public interest, how do they behave, Mr. Cunningham?—A. As I understand it, last Thursday, a more or less similar condition existed. I do not know that I am competent to answer that question.

Q. Well now, Mr. Cunningham, you have been connected with the Canadian Government Merchant Marine since its inception, have you not?—A. Yes.

Q. And you have been attending these regular Tuesday afternoon meetings, with considerable regularity?—A. Yes.

Q. You are the General Freight Agent of the Canadian Government Merchant Marine since when?—A. Really I am Traffic Manager.

Q. It does not make much difference, anyway. However, you are the Traffic Manager?—A. Yes.

Q. Is there much difference between General Freight Agent or Chief Freight Agent and Traffic Manager?—A. Not in my case.

Q. Anyway you are familiar with the situation?—A. Yes

Q. Tell us this, Mr. Cunningham; is it not true that Exhibit No. 4 contains the rates which the lines undertake to maintain?—A. Yes, until there is a change.

Q. Of course until there is a change. A loyal citizen undertakes to obey the law until there is a change in that law?—A. Yes, but there may be a change made at any time.

Q. By whom?—A. By the lines.

Q. After consultation with the Conference?—A. Yes, sir, on certain commodities on which the rates show opposite conditions.

Q. What is done then?—A. It is decided whether or not a change is warranted.

Q. Who decides?—A. The meeting of the Conference.

Q. The Conference decides?—A. It is always subject to individual action, though.

Q. Let us suppose that after these rates were established a line wished to make a reduction to a ship, the line that wished to make the reduction would refer the matter to the Conference, would it not?—A. Yes, in the usual course.

Q. And the Conference would take the matter up?—A. Yes, sir.

Q. And discuss it?—A. Yes. Possibly it would not be discussed, but the opinion of the other members would be asked. It would not necessarily follow

that a change would be made on the action of the line making the suggestion for a change in the rate.

Q. Suppose the Conference was against the reduction of the rate, what would the line under ordinary circumstances do, the line that sought the reduction in the rate?—A. If the reason for the Conference members not concurring in the change was considered sufficient and good, I would say that the line would not make the change.

The CHAIRMAN: Does anybody here wish to ask any questions of Mr. Cunningham on this phase of the matter, before we pass to another?

By Mr. Sales:

Q. I do not know whether this is the document which was considered by these gentlemen at the Tuesday afternoon meetings, Exhibit No. 4?—A. I don't think I have ever seen one of those. There are times at the meetings when other documents are referred to. Possibly there may be a question of whether a certain rate is right or not, and it would be referred to the rate as shown.

Q. I cannot imagine a number of business men like you meeting to discuss the weather; you must have some definite purpose in meeting on Tuesday afternoon. Tell us what that purpose is?—A. To discuss general conditions.

Q. And rates?—A. Yes, if the subject is brought up.

Q. Isn't that the purpose; isn't it always brought up?—A. I don't know that it is always brought up. As a matter of fact I have not recently been at them very regularly, but I think there are a good many meetings at which the rates have not been touched upon. Things have been going along very nicely, and perhaps there are no applications for reductions and changes.

By Mr. Hammell:

Q. No one has asked for any changes?—A. No one has asked for any changes; that is what I mean.

By Mr. Sales:

Q. Tell me, Mr. Cunningham, how often are these issued?—A. There is no set time.

Q. There is no regular time?—A. No, sir. It is just the same as a railway tariff, in that it is issued as occasion warrants.

Q. Can you tell me where the Flour Tariff is in this?—A. It will be under the letter F.

By Mr. Milne:

Q. Suppose a competitive condition existed in regard to one particular business, would it be allowed to sit in the Conference and discuss general conditions?—A. I do not think such a thing has ever come up.

By Mr. Sales:

Q. All ports with 19 cents per hundred pounds. I suppose this list is made up for Canadian boats only; you do not get the rates applicable to New York? —A. No, sir. That tariff is in effect from Canadian ports, all ports.

The CHAIRMAN: From all ports, Mr. Sales.

By Mr. Sales:

Q. I see on one of these pages this: "These open rates on commodities are subject to Gulf concurrence, and are therefore present only through April." What does Gulf concurrence mean?—A. That is another group of steamship operators.

Q. Will you describe them to us; tell us who they are?—A. The steamship companies operating out of the Gulf of Mexico.

Q. So that in reality this is a dependent or general agreement, it does not apply to Montreal or New York, it extends to the Gulf and how much farther? —A. It does to a certain extent, but to a very limited extent.

By the Chairman:

Q. Well, to what extent?—A. It is simply the same as we ourselves work under in connection with the North Atlantic Conference, there is an agreement as to the general conditions which constitute fair rates.

By Mr. Sales:

Q. Are fair rates the cost of operation plus a reasonable profit?—A. Yes. Unfortunately there is not such a thing to-day in steamship rates, in a very large number of cases.

Q. Or is it rather what the traffic will stand—as much as we can get?—A. That is true to-day in connection with a large number of these companies; what the traffic will stand apparently is not in my handling.

Mr. SALES: All right, Mr. Chairman; I have nothing further for the moment.

By the Chairman:

Q. Before I leave this part of the subject, Mr. Cunningham, I think you said that there had recently come out in New York a still later list?—A. Yes.

Q. Later than Exhibit No. 4?—A. Yes. I do not really believe that it will show any changes from this issue here, because as a rule when we get so many supplements to a tariff that it becomes cumbersome, naturally a re-issue is made.

Q. It is something like a re-consolidation of laws; when laws have been amended a great deal, they issue a consolidation?—A. I have in mind something like the issue of a railway tariff.

Q. I notice, Mr. Cunningham, a number of supplements; the last supplement I have in my hand is dated at New York, March 8th, 1923, supplement No. 34 of Commodity List, and it contains some phrases of which I will ask an explanation from you to the Committee, or the effect of which I will ask you to explain to the Committee. First of all it says "Effective March 8th, 1923." That means that it would come into effect on that day?—A. Yes.

Q. "Special rate for five-day period in effect March 9th for quoting through March 14th," and so on. What does that mean?—A. That means that the person quoting that rate for five days would be considered at New York, and that that arrangement was put into effect.

Q. It would only be running for five days?—A. Yes.

Q. I see a number of uncertain items. I see "Open through April," "Open through June". What does that mean?—A. It means that there is no agreement as to the rates on these commodities up to that time, that conditions were such that it was felt that the lines should use their judgment as to the rate of freight that they would accept.

Q. That there were no binding prices during that period?—A. No, sir.

Q. It says that the Supplement No. 33 was not a complete new commodity list, that it was in course of preparation and that it was expected to be issued next week?—A. Yes.

Q. That is, the list you have just referred to?—A. Yes.

Q. When you get it, Mr. Cunningham, will you kindly send a copy to the Clerk, as we would like to be able to compare it with this list which you produce?—A. Yes, sir.

Q. Have you had any correspondence with the North Atlantic Conference?—A. Yes, sir.

Q. Have you got it with you?—A. Yes, sir.

Mr. CALDWELL: I would suggest that you should have had these documents in order to go over them.

The CHAIRMAN: That is my fault, Mr. Caldwell. Mr. Cunningham came to me this morning, but I did not have time to go over them, so he is not to blame. I was at a Committee, so it is not the fault of the witness; he came and told me he had all these things, this morning.

Mr. SALES: I notice that some of these tariff supplements bear different dates, Mr. Cunningham; one is dated January 4th, which was presented at the monthly meeting on January 4th; another bears date January 6th, another February 6th, another March 2nd, March 3rd, March 8th, March 9th, March 13th and March 15. That is apparently the date on which they were sent out from New York?—A. Yes.

Q. They would be received by you in the course of a few days?—A. Yes.

Q. When you receive one of these supplements, do you get together in one of these friendly gatherings of yours and discuss the recent communication?—A. No, sir.

Q. You accept the rates as sent to you without question?—A. Yes.

Q. And act for them in the New York Conference?—A. You must remember that the Canadian lines including ourselves sit in in connection with these rates.

Q. Sit in where?—A. At the New York meetings.

Q. Do you meet and send your representatives down?—A. Yes.

Q. You elect your delegates, practically?—A. Possibly. All the Canadian lines will be represented, that is, they are always privileged to sit in.

Q. Have you been down to the Atlantic Conference?—A. Yes.

Q. And sat in on it?—A. Yes.

Q. And agreed to it?—A. Yes.

Q. So that is how these things are arranged?—A. Yes, sir.

Q. Not with every one of these alterations?—A. Some of them.

Q. You were not present at every one of these alterations?—A. No, sir. There were a good many of these affecting United States commodities, which we naturally were not interested in.

Q. All of these affect your own rates out of Montreal?—A. No, because all the commodities do not move to Montreal; for instance, there is one that comes to my mind, namely, asphalt. I think you will find a rate in there; it has a local to a certain point, and we would not be interested in what the rate was on it.

The CHAIRMAN: May I ask a question, if you are finished?

Mr. SALES: One of these sheets contains a whole lot of things; it is dated March 2nd, Commodity List No. 21, envelope paper, provisions, meat, and so on, down to parafine wax. There is also one on January 6th, consolidating all previous supplements, and contains about everything. So that they really deal with the commodities out of Montreal?—A. Yes.

Q. On February 6th I see cotton, cottonseed oil, lumber, pine logs, rice, resin and tar. I do not find anything dealing with Montreal.—A. We do not get any cotton out of Montreal.

Q. I see cotton, lumber, and sawn timber?—A. Yes.

Q. Resin?—A. I don't know of any resin.

Q. Turpentine?—A. No, sir; we might, but I do not know of any.

Q. I see it is New York that sets our rates, as far as I can understand it?—A. Not as far as Canadian traffic is concerned.

By the Chairman:

Q. Now, Mr. Cunningham, is any Canadian rate decided without conferring with New York?—A. Yes, sir.

Q. Can you give us any?—A. Pulp, paper, lumber, asbestos, nickel—I will have to check them up, really.

By Mr. Hammell:

Q. Flour and wheat?—A. Yes.

By the Chairman:

Q. Decided without the concurrence of New York?—A. Yes, sir.

By Mr. Hammell:

Q. Somebody said a while ago that on the list dated February 21st wheat of Canadian origin was 22?—A. That has been corrected since. Those are all cancelled.

Mr. SALES: What date did you say?

The CHAIRMAN: He said that lumber was done without any concurrence.

Mr. SALES: Later on lumber is 19, on March 2nd.

By Mr. Hammell:

Q. What was the reason for that?—A. Because Canadian lines considered that the Canadian wheat was entitled to a reduction to 19 cents.

By the Chairman:

Q. You stated a moment ago that lumber was set in Montreal without reference to New York. If that is so, how do you explain this item, found on Supplement No. 10 of Commodity List No. 21, of date November 2nd, 1922: Ship from New York lumber, "lumber rates as quoted our list are applicable only to December 31st, 1922, pending further negotiations and concurrence of the Southern Conference."—A. That is not Canadian lumber. Perhaps I should have qualified my remark in that respect, by saying that on Canadian traffic we do not consult with New York, that is, as far as Canadian lumber is concerned.

Q. You are positive upon that point?—A. Absolutely.

Q. When you say that do you mean upon all Canadian lines to Montreal?—A. The Canadian lines decide a rate that is a fair rate to charge on Canadian lumber; perhaps I should say deals, which is a more common expression with us here, and simply as a matter of courtesy we notify the Secretary of the Conference at New York.

Mr. HAMMELL: Mr. Chairman, on that supplement you are quoting from what were the rates on lumber? I have in my hand a supplement dated February 16th quoting sawing lumber, $12 per thousand feet, London, Liverpool and Manchester; other ports in Great Britain $13.50; the Irish ports $14.10.—A. That is only a list for the guidance of the North Atlantic lines. That is effective from gulf ports, I think you will find.

Q. The rates in gulf lists and supplements are effective from June 23, 1923. —A. A separate notice will apply.

Mr. ROBINSON: It is a supplement to the gulf list?—A. That simply is issued to us for guidance. We are not interested in them.

Q. You say wood pulp was one of the rates fixed in Montreal without reference to New York? Let me read you this letter addressed to Mr. Marlow, Chairman Canadian Liner Committee. Is that the name by which it is called? A. That is the name which we amongst ourselves go by.

APPENDIX No. 3

Q. It is regularly baptised. Let me read you this:

EXHIBIT No. 5

WOOD PULP

"December 6, 1922.

Mr. W. T. MARLOW, Chairman,
Canadian Liner Committee,
Montreal, Canada.

DEAR SIR,—Your night letter December 5, received this morning reading:—

"Canadian lines agreed effective December sixth rate forty cents hundred pounds wood pulp dry measuring over sixty cubic feet to twenty two forty pounds this commodity on which Canadians have rate making power please notify all lines and publish rate."

and we at once telegraphed out-of-town lines and notified New York Representatives. Secretary Fields, however, that in notifying changes in rates on the two or three commodities where Canadian Lines have the initiative that you should adopt the same procedure as is customary with other changes in rates, i.e., give Secretary the information in time the day previous so that we in turn can notify all lines and have advices in their hands nine a.m. the day the rates become operative. Giving the notification by night letter there is delay here in typing out messages and in telegraphic despatch to out ports also in our getting in touch with the Shipping Board and with our own members which may make for delay in receipt of the notification for them of an hour or more and we feel that all members should be put on "all fours" with the Canadian Port Lines.

We would, therefore, ask to have your telegraphic advice either in time the afternoon before so that we can take necessary action to promulgate that evening, effective the following day, or else send a message by night letter for promulgation and effectiveness second morning following.

We trust you will concur in these views, and remain

Very truly yours,

(Signed) SIDNEY E. MORSE,
Secretary."

Q. That gentleman is secretary of the North Atlantic U. K. Freight Conference?—A. Yes.

Q. Of which Major Curry is the manager in Montreal, the White Star Dominion Line, the Robert Reford Company, McLean Kennedy Limited, Furness Withy & Co., Ltd., Canadian Government Merchant Marine, Canada Steamship Lines. So you, the Canadian Liner Committee, as I understand it, have the initiative for forming rates for carrying wood pulp?—A. Wood pulp.

Q. And after you have established the rate then you would go to all your friends trading from other ports to fall in line.—A. As a matter of courtesy, the same as they do, make changes on commodities in which they are likely interested. There is no obligation.

Q. It is a pure matter of etiquette.—A. Yes.

By Mr. Sales:

Q. As you know, Mr. Chairman, Mr. Curry said he had nothing to do with it?—A. I don't think that letter is addressed to Mr. Curry.

Mr. MCMASTER: It is addressed to the White Star Dominion Line?—A. That bears out what Mr. Curry said, that that would naturally in my judgment, go to the freight manager, the same as my copy would come to me.

Q. I want you to look at this letter if you will for a moment. Who is this signed by? Who is Mr. P. A. Curry? Is that the same Mr. Curry who appeared before us the other day?—A. I presume so, I do not know his signature.

Q. Is there any other P. A. Curry in Montreal who is the manager of the White Star Dominion?—A. No. I don't know his signature. There is no other initial under it to indicate it was signed by a clerk.

Q. We will refer to this as Exhibit No. 6. I ask you whether that is the form in which the memoranda of what you do at your regular Tuesday afternoon meetings is circulated among those who sit in, to use your own expression, at those interesting functions?—A. No, sir. That seems to be a letter addressed to the individual lines.

Q. Is this letter therefore supplementary to the copies of the minutes that are circulated? I would like to read it to the Committee. You will notice this letter is headed "duplicate." From White Star-Dominion Line, McGill Building, corner Notre Dame and McGill streets, Montreal, October 20, 1922, addressed to Mr. Nicol, Mr. Coates, Mr. Cunningham, Mr. Dempster, Mr. Doherty and Mr. Gault of the following companies: Furness Withy & Co., Robert Reford & Co., Canadian Merchant Marine, McLean Kennedy, Limited, and Canada Steamship Lines?—A. Yes.

EXHIBIT No. 6

Q. The letter reads:

"We beg to confirm our conversation this morning with all members of the Canadian Liner Conference in regard to grain rates.

"Mr. Doherty of the Intercontinental Transports objected to the rate being reduced to 4/- for the balance of October, but stated that he had no objection to our booking spot requirements for steamers now in port.

"Mr. Cunningham, C.G.M.M., agreed to the reduction, but reserved the right to quote 4/- for October. All other lines agreed to the rate being reduced to 4/- for October only.

"We now understand that we are at liberty to quote 4/- on heavy grain, but we will apply this rate only to steamers now loading and the whole question can be given further consideration at the regular meeting on October 25.

"We are not notifying the New York conference secretary, but as the understanding is that each conference will advise changes in grain rates, this should also be dealt with at the next meeting.

"Yours truly,

(Sgd.) "P. A. CURRY,

Manager."

Q. That is a regular Tuesday afternoon meeting?—A. Well, without having a calendar—if October 25 is a Tuesday I would agree with you.

Q. I should say that is not the form in which the minutes were copied?—A. No, sir.

Q. Who is W. T. Marlow?—A. Foreign freight agent of the C.P.R.

Q. The C.P.R. sits in at those meetings?—A. Yes.

Q. Is the rate on flour settled in Montreal or in New York?—A. For Canadian flour in Montreal.

Q. Why then is it, Mr. Cunningham, that I note on this supplement No. 18—why do I see on this "p.x flour of Canadian origin only 22 cents per hundred," if the rate is set in Montreal on Canadian flour, how does it appear in this list which emanates from New York?—A. Because as I said before, in another case, as a matter of courtesy we advised them the rates the Canadian lines are charging.

Q. Would it not be fairer to say that this rate on Canadian flour is settled by a conference between Montreal and New York or at a conference in New York where Canadian interests are represented?—A. No, sir.

APPENDIX No. 3

Q. The rate of Canadian flour is settled in Montreal and advice given to the secretary at New York and then they accept that rate and insert it in their list of rates.—A. This is for their guidance.

Mr. SALES: There is something of interest on the outside of this: "Commodities marked "g": Gulf and South Atlantic have initiative in rate making. Commodities marked "n" on list, all lines have initiative in rate making. Commodities not marked "not all Atlantic lines" have initiative in rate making. Commodities marked "p," all lines may quote on a parity basis." What does that mean?—A. Those are the only three districts, the North Atlantic, the South Atlantic, and the Gulf.

Q. What is a parity basis?—A. Parity is a rate on which a particular district is more interested as regards geographical location.

Q. Well it means it must bear some relation to the other. The values cannot come in. Does it mean that you shall not be below them or you must be equal?—A. So long as the rates are in the tariff it is naturally assumed we do not quote below that tariff rate. That really refers to United States traffic altogether.

Q. But "marked p, all lines may quote on a parity basis." I wish you would try and define that to me so that I can understand it. Flour is marked "p." It says "all lines may quote on a parity basis."—A. So far as that goes, all lines are quite at liberty to make their rates on flour.

Q. Any price they like?—A. Yes.

By Mr. Caldwell:

Q. Parity means on a par.—A. At the same time the flour rate can be made by the individual lines.

Mr. SALES: If parity means equal, all lines may quote on an equal basis? —A. May quote on an equal basis.

Q. So that you have no freedom even there.—A. Absolute freedom.

By Mr. McMaster:

Q. I think in answer to a telegram I sent you you stated there was no regular chairman or secretary of your Liner Committee in Montreal.—A. Yes, sir.

Q. Are you right about that or have you not forgotten?—A. I know what you were going to refer to, Mr. Chairman. In wiring you that I was quite correct in saying there was no permanent chairman. For the purpose of consistency perhaps you might say, some time ago Mr. Marlow was requested to be the mouthpiece for directing communications to the New York Secretary so that he would not be getting a letter perhaps one week from one man and perhaps from another man the next week, and in that way Mr. Marlow is considered the representative who looked after the correspondence with Mr. Morse and who would receive the correspondene from him. Then he distributes it.

Q. Did you give any name to this mouthpiece, any title?—A. For the purpose of communication with New York we called him the permanent chairman.

Q. Do you think I could have the authority of it from the telegram you sent me?—A. I did not have an opportunity to bring that up. I wanted to explain it. Of course there was absolutely no intention whatever—

Q. The telegram was like the freight rates, subject to further change?—A. When I sent that telegram I had not thought of that particular feature or otherwise I would have explained it to you then. A permanent chairman would be the man who would sit at all the meetings as chairman, and this is not the case.

Q. When you were in Mr. Curry's office, Mr. Curry did sit as chairman?—A. Yes, usually. There are times it may not have been so but that is the general practice.

Q. And when you are in Reford & Co's office Mr. Coates sits as chairman?—A. There must be his office record of the meeting.

Q. I would like to direct your attention to this, Mr. Cunningham—it touches very closely on our investigation. On page 16 of the copy which you have prepared I read as follows: "The North Atlantic U. K. Freight Company, 8 Bridge St., New York, March 22, 1923, "the rates in refrigerator list are effective to December 31, 1923, except as may be noted, and apply for seaboard shipment, unless otherwise stated. For ordinary stowage rates see commodity list. Apples in barrels $1.50 per bbl." What were they last year, do you remember?—A. I think $1.75.

Q. So you have come down then?—A. Yes.

Q. Apples in boxes must be strapped or wired or guarantee given, 55 cents a box." Is that a rise or a lower rate?—A. That is a reduction.

Q. From what?—A. From memory I would say 65 cents. Those cancelled tariffs will show all that.

Q. Berries in barrels each $1.50 per hundred pounds. Butter $1.50 per hundred pounds."

Mr. CALDWELL: $1.40 on this one.

The CHAIRMAN: $1.50 here.—A. I think you will find the supplement later than that bring it to $1.40.

Q. Later on, on March 21, 1923.—A. I think it was changed later on. That I think you will see.

Q. Can you find out, because it is interesting to us to know what rates are applicable to these agricultural products just at the very moment. Butter $1.50. Now meats, cranberries, pears, plums, vegetables, all these are governed by the refrigerator list No. 3.—A. Yes.

By Mr. Hammell:

Q. I would like to ask what effect the tramp steamers have on rates, setting of freight rates, or have they any?—A. They have an effect on cargo lots. They would not have an effect on what we call parcel lots because the tramps would not be interested in them.

Q. I have before me a copy of a telegram dated New Orleans, January 6, to the effect that there are no tramp steamers apparently offering for public grain either on the North Atlantic or the Gulf:

The Rate Committee would add to the foregoing, as a matter of information, that there are no tramp steamers apparently offering for February grain, either from the North Atlantic or Gulf. The prospects therefore are favourable for an advance in the present rates from the North Atlantic, and it is recommended that if each Line would endeavour to secure part of their requirements at not less than 3s. 6d., it would soon develop that 4s., or even higher, could be obtained for the balance of their February room."

A. That is from the Gulf.

Q. It includes the whole of the Atlantic ocean.

Mr. MCMASTER: Where did that memorandum come from.

Mr. HAMMELL: New Orleans.—A. That is the Gulf information as to the market condition. The rates on grain to-day that are obtainable by the Liners are absolutely below cost and can only take grain in order to give us the dead weight. If we can get any other cargo we don't take grain.

Q. I presume that the owner did not sit in at this conference and when they are in the market they have a decidedly better result in rates?—A. That is a full cargo proposition.

Mr. MCMASTER: That is the correspondence without other lines?—A. Yes.

Q. I will proceed with that. Now I asked you to produce with this subpoena all memoranda or written evidence or decisions arrived at at the meetings held in Montreal by the representatives of those steamship lines having offices in that city touching those rates. You have that with you?—A. Yes.

Q. Would you produce that?—A. Yes.

Q. Mr. Cunningham, in reply to the subpoena produced as Exhibit No. 7—

Mr. CALDWELL: Those were the minutes that did not exist a few days ago.

Mr. MCMASTER: I think we asked that question. However we have been like Micawber, and it has turned out.

Mr. SALES: It was stated there was no tariff issued after this meeting. "What shape does the record take? You will get a copy of it?—A. No, sir.

Q. You did not carry these things away in your mind?—A. We issued our own. I issued my own in my office. We notify the New York conference secretary and he embodies it and as I said there is a printed tariff issued in due course.

Q. What is this?—A. Those are what you might call minutes of the meeting. Those are records of the Tuesday afternoon meetings.

By Mr. McMaster:

Q. I notice, Mr. Cunningham, that this file starts as follows: "Minutes of meeting of freight interests held in the Board room of the Shipping Federation of Canada at 2.45 p.m., Tuesday, January 13, 1920. There were present: Mr. W. F. Forbes (Chairman), White Star Dominion Line." That would be the Mr. Forbes whom Mr. Curry said was to go to the meeting?—A. Yes.

Q. Mr. Marlow, of the Canadian Pacific Ocean Services Limited, Mr. W. A. Coates of the Cunard, Anchor Donaldson and Thomson Lines, Mr. T. C. Lockwood, of the same company and Mr. J. W. Nicol of Furness Withy & Co. You were not present?—A. No.

Q. Was your company ever represented at that time?—A. At what date was that.

Q. January 13, 1920?—A. I don't know anything about that.

Q. I will just quote, so as to give the Committee what is contained in them:

"Rates: Butter—attention was called to the fact that the rate of $1 per 100 pounds was out of accord with that on cheese and it was suggested that it be increased to $1.25 per 100 pounds.

Grain—a discussion on rates took place but no conclusion was arrived at.

Lumber—as Mr. D. O. Wood had now announced his intention of maintaining rates of $1 per 100 pounds on hardwood and $1.25 per hundred pounds on soft wood, the Canadian Lines agreed on their part to re-establish the former quotations of 300s. per standard on pine and spruce and 310s. per standard on hard wood on local deals. The Head Line from St. John to Irish ports dissenting, claiming that their service was non-competitive. The chairman was therefore instructed to despatch the following telegram to Mr. S. D. Morse, Secretary Freight Conference, New York:—

> Lumber at meeting to-day attended by representatives of Canadian Pacific Ocean Services Records Furness Withy and White Star Dominion Line to Irish ports dissenting complaining they were not competitive. Marine to quote one dollar twenty-two cents soft wood one dollar per hundred pounds hard wood with three hundred shillings pine, spruce, three hundred ten shillings hard wood per standard on local fields Head Line agreement was concluded with Canadian Government Merchant

First of all who is D. O. Wood?—A. Traffic Manager of the Canadian National Railways. He was at that time the Traffic Manager of the Canadian Government Merchant Marine. That was sent to New York, that wire?—A. Yes.

Q. The next meeting is held at 2.45 Tuesday, January 20, 1920. There were present W. D. Marlow, Chairman (C.P.O.S. Services Limited). Ever since that time has Mr. Marlow served as the mouthpiece of your organization?—A. This arrangement has only been in effect for some months.

Q. We find him acting as I show you as early as January 20, 1920?—A. In whose office was that?

Q. Held in the Board Room of the Shipping Confederation of Canada?—A. I did not know about that. I was not there at that meeting. At least I don't think I was. Of course it is possible that we might have at times used the Board of Trade Rooms.

The CHAIRMAN: Then we come to "fertilizer." Then there is butter.

"*Butter;* decided to ask Secretary Morse to docket for next monthly meeting conference."

By Mr. Caldwell:

Q. That had been $1 previously?—A. I do not remember.

Q. I think it states in that other minute that it went from $1 to $1.25 at the previous meeting?

The CHAIRMAN: Yes.

The WITNESS: I am not in touch with that at all.

By the Chairman:

Q. Now, the next meeting was held on Tuesday, January 27th; Mr. Dempster was chairman of this meeting.

"*Confectionery;* Mr. Nicol read a letter from their Toronto agent citing complaints of shippers, and requests for reduction in ocean rate. Decided conference rate reasonable, and no proposal be made for reduction."

I suppose in that case no reduction was made?—A. I presume so. There are, of course times when there is a discussion as to the justice of a rate, and if the general opinion is that the rate is fair, naturally the shippers are advised that there is no change. We are all trying to operate the steamers to come out as nearly even as possible; that is practically impossible to-day, though.

By the Chairman:

Q. Here is a letter written on the Canadian Pacific Ocean Service's letterhead, dated February 25th 1920:

"DEAR DAVE,—As requested by you to-day I enclose herewith a list showing classification of lumber and estimated weights per 1,000 superficial feet, as used in the United States, on which the following rates apply:—Lumber and timber, heavy, $1 per 100 pounds; Lumber and timber light, $1.22 per 100 pounds; logs, $1 per 100 pounds.

That would be a letter merely keeping your company advised as to the rates charged in the United States?—A. Yes, sir.

By Mr. Caldwell:

Q. The rate is higher on the heavy lumber?—A. No, the rate per hundred pounds is lower on the heavy lumber than on the light.

APPENDIX No. 3

By the Chairman:

Q. I would excerpt this, as of interest, from the minutes of Tuesday, February 10th, 1920:

"Attention was called to circular from Secretary Morse, New York, February 9, to the effect that the I.M.M. Company had advised that New Orleans and Galveston interests were in favour and ready to consummate an agreement fixing minimum rate grain 40 cent and 50 cents. Shipping Board still to be heard from. Meantime, understood all Canadian Lines, including the Canadian Government Merchant Marine would maintain minimums mentioned commercial bookings."

What does that mean, "would maintain minimum mentioned commercial bookings"?—A. I presume the agreement at that time concerning the grain rate. In the old days it was very difficult to follow the conditions, and I am not sure that I could answer that because I was not in close touch with it; I think you had better excuse me on that, if you will.

Q. Here we find the minutes of a meeting held on the 7th of February at 11 a.m. It does not say, but that would be in 1920.

"*Grain Rates:*—The Lines present agreed to maintain a rate of 40 cents per 100 pounds on Rye, Corn, Barley and Wheat when the latter is released, with 50 cents per 100 pounds on Oats, with the exception of McLean Kennedy & Co., who stated they would have to cable their principals, but would recommend their adopting these rates.

"In regard to the rate on deals, it was pointed out that the business from the Province of Quebec, Nova Scotia and New Brunswick had always been done on a standard basis and to make a change at this time would cause an influx of tramps which would take a large amount of business away from the Liners, and it was decided to send the following telegram:—

February 7th, 1920.

S. E. MORSE,
59 Pearl Street,
New York.

"Montreal Lines including Canadian Government Merchant Marine have agreed to minimum of forty cents heavy grain, fifty cents oats commercial shipments. Head Line have had to cable their principals for necessary authority but have wired approving of suggestion. Regarding deals Lines consider this is essentially a Canadian trade which has always been sold by the standard and freight rates quoted accordingly and if Liners did not carry deals on standard basis it would encourage a large number of tramps for full cargoes which would be most undesirable. Standard rates can only be quoted from Montreal, Quebec and Maritime ports, viz., three hundred shilling softwood, three hundred ten shillings hardwood as already arranged. Please advise Lines.

(Signed) "W. A. COATES,
"*Chairman, Liner Committee.*

"The question of the 8/— rate on wheat, at which the Wheat Export Company offered to book a limited quantity, was discussed, and Mr. Coates was appointed to interview Mr. Earle and report."

Q. Who is that Mr. Earle?—A. He is of the firm of Thompson & Earle, grain brokers.

By Mr. Caldwell:

Q. You might make that plain to any members of the Committee who did not know what that means.—A. That is 1,980 superficial feet. Without knowing personally about that meeting, I would say that that was simply an adjustment to a shilling basis, as against a rate per hundred pounds.

By the Chairman:

Q. Here is a note of a meeting held at 9 p.m. on February 6th, 1920, and I wish to excerpt this:—

> "The advisability of having a minimum grain rate of 40 cents on heavy and 50 cents on oats was fully discussed. Mr. Wood agreeing on behalf of the Services to hold for these rates, provided other lines did the same."

That would be after discussion of the matter, no doubt, with the grain interests, and I have every reason to think that the decision was arrived at, that it was a fair basis.

By Mr. Caldwell:

Q. Are the grain interests represented at these Tuesday afternoon meetings? —A. No, sir, this is a steamship meeting.

Q. These discussions, where they decided to charge this rate, that decision was arrived at the Tuesday afternoon meeting?—A. I really cannot say as to that; whatever the record shows, but we had different consulations with the grain men as to market conditions, not only in the United Kingdom, but also as to the conditions within the United States.

Q. My point is this. From the reading of that minute, would you not gather that they expected to have a struggle, and that they should stick together? It did not look to me like a general agreement with the people they were handling the product for.

The CHAIRMAN: I take it from the reading of the minutes that Mr. Wood, after having discussed the matter with—I was going to say his competitors, but that would be the wrong word—with his associates in the same line of business, decided they would hold out and refused to reduce the rate lower than what it was at that time.

Mr. CALDWELL: It did not look like an agreement between the shippers and the others.

The WITNESS: May I say that is quite the case, insofar as the decision at that time would be concerned. No doubt the conditions appeared to warrant that rate, and it was always, I take it, subject to a revision. There is no question about it that the Canadian Government Merchant Marine are expected to operate the service on a commercial basis, and naturally they must look to securing rates on freight that will at least pay expenses.

By the Chairman:

Q. Mr. Cunningham, am I right in concluding that there was practically every week a meeting held of this committee?—A. Yes, sir.

Q. And that this file which you have been good enough to produce contains the minutes of nearly all of these meetings?—A. Yes, sir.

Q. Now, I do not want to go over every one, it would be tiresome and would take too long, but I will go over to another year.

Mr. CALDWELL: Go over to the time when Mr. Cunningham was a representative from the Canadian Government Merchant Marine at these meetings; I take it you were not the representative in 1920?—A. I was at some of them, I have no doubt, but in the early part perhaps I was not.

APPENDIX No. 3

By the Chairman:

Q. Mr. Cunningham, you were in attendance at these meetings as early as June 8, 1920, as early as April 27, 1920; in fact, Mr. Cunningham, you are almost—not quite but almost—one of the charter members of this conference or committee?

By Mr. Sales:

Q. Have you any idea how long this has been in operation?—A. No, sir.

Q. No idea at all?—A. I have no knowledge beyond the time I have been connected with the Canadian Government Merchant Marine.

By the Chairman:

Q. Have the men in Montreal, the steamship men in Montreal, not been getting together from time to time for years in past, just in the manner or almost exactly in the manner which is outlined in these minutes?—A. I cannot say.

Q. What were you doing before you went into the steamship business?—A. I was transferred to Montreal in April, 1919.

Q. Where were you before?—A. In Halifax.

Q. The Nova Scotians do not do anything like that?—A. I have been in other places too. I was in Montreal previous to that time with the Canadian National Railways.

Q. Had you never heard of these regular meetings held from week to week or from time to time, by the steamship people?—A. No, sir, not at that time.

Q. We will go to the year 1920. "Grain rates." Mr. Lockwood—he represents the Cunard-Anchor-Donaldson and Thomson Lines, that is the Reford Company?—A. Yes, sir.

> Q. "Mr. Lockwood proposed making April rate on wheat 7 shillings, same as March rate. Committee felt that this should not be done at present, as any reduction should affect the flour rate, and it was considered advisable to wait the decision of the United States Shipping Board regarding rate they might propose on oats and produce."

You were present at that meeting, I see. The next head is "Monthly Freight Meeting." The chairman was requested to send the following telegram to Mr. S. E. Morse:—

> "At meeting to-day, Canadian Liners Committee suggest postpone monthly meeting called for February 3rd, and that meeting be suggested to call after receive decision from Shipping Board on grain and oat products rates."

That would be a telegram to the North Atlantic Conference?—A. Yes, sir.

Mr. Sales: At any rate, I must infer that at the time of the meeting of the North Atlantic Conference the suggestion was made in a telegram that the rate be changed.

By the Chairman:

Q. Now, Mr. Cunningham, no doubt the question of rates was discussed at the North Atlantic Conference, was it not?—A. What date is that?

Q. Will you answer the question first, and I will tell you the question afterwards?—A. I would like to say that grain rates had been discussed at the time they were shown in the tariff, but I do not think they have been discussed within the last year. You are speaking about New York, are you not?

Q. I am asking this question, and I will put it in this form. During the time you have been associated with the Canadian Government Merchant Marine, have grain rates been settled in New York?—A. Settled at the New York meetings, to some extent.

Q. They have been?—A. They have been, but not all the time.

Q. I did not say that. I quote now from the minutes of the meeting of February 22, 1921: "Grain rates—April May—Chairman was instructed to write Mr. Morse, to docket this for discussion at the next New York meeting." I will also read this extract from the same minutes:

> "Agricultural Implements. It was reported by the Canadian Government Merchant Marine that implements had been accepted by a line operating from Jacksonville, Florida, to London at $15 per ton before the new rates became effective. Mr. Morse developed from Mr. Murphy United States Shipping Board Washington that the above was substantially correct but offered no further explanation. The chairman was therefore instructed to write Mr. Morse to have the matter docketed for discussion at the March New York meeting."

A. That would be a case where we were looking after the interests of the Canadian exporters, in that we always insisted upon being in a position to quote as favourable rates.

Q. That is to say, some cheap fellow from Jacksonville, Florida, was carrying agricultural implements cheaper than the North Atlantic U. K. Conference was doing; is that right?—A. I think what that indicates is that another line was offering a lower rate before we were quoting a lower rate.

Q. You wished to be in a position to give as cheap transportation rates to our manufacturers of agricultural implements as that gentleman who was operating out of Jacksonville, Florida; that was your intention?—A. That was one of the main reasons why we agreed to sit in at the meeting, in order to keep in touch with conditions and so on.

Q. With that sole laudable intention, you did not know what to do until New York had discussed the matter?—A. No, sir; as a matter of courtesy the changes of rates are not put out immediately. Each line is given an opportunity of being advised; for instance, it is probably made for the benefit of the Montreal lines, because on account of the distance the advice has to be sent by telegram, and the representatives of the Canadian lines at New York naturally, after sitting in at a meeting, have to get time, so sufficient time is allowed for them to get home.

Q. Mr. Cunningham, does this resolution not show that the Canadian Government Merchant Marine was not free on account of its associations with these other lines to quote for agricultural implements without reference to anybody else's rate, which would have been a competitive rate with this transportation interest operating out of Jacksonville, Florida?—A. No, sir, that is not the case for the Canadian Government Merchant Marine any more than any other of the Canadian lines.

Q. I would infer that, but the point I want to make, and I think the point is made by this resolution—and if I am wrong in my interpretation you will be given ample opportunity to correct it—I take it from this resolution that it appears that a man or a steamship company was quoting a rate on agricultural implements from Jacksonville, Florida, of $15 per ton, and that that rate was below the rate which the Canadian lines were quoting for a similar service; is that not right?—A. No, sir. I will explain it in this way, that apparently without knowing and without remembering all the details, without having the tariffs to determine it, there probably was a change in the rate on agricultural imple-

ments on a certain date, to be effective as from say the next day, and the complaint is that that Gulf line had quoted a new rate before the time that the rate was to be effective.

Q. But you could not go out and quote a rate which would compete against the Jacksonville, Florida, rate before the matter had been discussed in New York?—A. That was the result of the discussion in New York; as I say, it was a change that was no doubt agreed to in New York.

Q. You learned of the $15 per ton rate, and then because of the $15 per ton rate you asked that the matter should be docketed for discussion at the next meeting at New York?—A. In sending a request for a discussion, the request would be as to why the Galveston line changed this rate.

Q. Let me read this to you: "It was reported by the Canadian Government Merchant Marine"—

Mr. SALES: What is the date of that minute?

The CHAIRMAN: February 22nd, 1921.

"Agricultural Implements. It was reported by the Canadian Government Merchant Marine that implements had been accepted by a line operating from Jacksonville, Florida, to London, at $15 per ton before the new rates became effective. Mr. Morse developed from Mr. Murphy United States Shipping Board Washington that the above was substantially correct but offered no further explanation. The Chairman was therefore instructed to write Mr. Morse to have the matter docketed for discussion at the March New York meeting."

Mr. CALDWELL: What date does it say in New York?

WITNESS: I think I made my point there in those very words "before the rate became effective."

By the Chairman:

Q. Your idea then would be this, that the rate may have after discussion been brought down to $15 per ton, but that this gentleman from Jacksonville, Florida, had anticipated the rate and had acted in a manner lacking in courtesy to the other gentlemen who were in the steamship arrangement?—A. Yes, that is substantially the case, only I would go farther than that and say that no doubt the rate had been agreed to by all the lines at New York, with a certain effective date, but the party in the South had anticipated that date.

Mr. SALES: What is the date?

The CHAIRMAN: February 22nd.

Mr. SALES: Of what year?

The CHAIRMAN: 1921.

Mr. MUNRO: Why was not the explanation given there which Mr. Cunningham has given now?

The CHAIRMAN: That is just a memorandum of the discussion which took place; no doubt they had discussed it together.

Mr. CALDWELL: Can you remember the date in 1921?

The CHAIRMAN: We can look up the tariffs.

Mr. CALDWELL: Look up the date and give it to us.

Mr. MUNRO: Look up the record of these meetings in March, and see if you find any reference to it. That might explain the situation.

The CHAIRMAN: Here we are. This is March 1st, 1921:—

"Agricultural Implements. Dealing with the complaint of Mr. Cunningham that the U. S. Shipping Board had been accepting $15.00 per ton on this traffic from Jacksonville, Florida, to London, it was noted

that the matter was up for consideration at the New York Conference meeting to be held March 3rd, and no further action was called from here."

Mr. CALDWELL: That would be nine days after the reference was made to the New York meeting.

The CHAIRMAN: Here is an interesting thing to hop growers:—

"Hops. Reference was made by Mr. Cunningham to complaint received by him from Mr. A. C. Fetterhof, International Mercantile Marine Company, New York, of his having made a booking of hops at $2.25 the rate being $3.00. It was explained that the error arose through Mr. Frieser in Mr. Cunningham's absence from the New York Conference meeting on February 8th having omitted to make the necessary correction in draft of rates which he was preparing for Mr. Cunningham, and Mr. Frieser having been called from the Committee Room at the time the matter was under discussion."

A. That was simply an unintentional error on the part of Mr. Frieser. We acted upon it in good faith.

Q. And you were being rapped over the knuckles at this meeting because you had quoted too low a rate, and your excuse was that Mr. Frieser was out of the room and had made a mistake?—A. I would like to say "reason" instead of "excuse." It was quite—

Q. Quite in the usual course of events?—A. Quite in the usual course of events. We are not in any way trying to intimate that we were not sitting in with the North Atlantic Conference. We were sitting in there as representatives of the Canadian Government Merchant Marine, but we reserved for the benefit of Canada and Canadian products the right of independent action.

Q. But your sitting in brings about a certain implication of honour, that you are to maintain the rates if you possibly can?—A. Subject to notice to the Conference of our intention to make a change.

By Mr. Caldwell:

Q. They all sit in with the same understanding?—A. I do not know that.

Q. Is your position any different from any other member of the Conference, that you know of?—A. I would like to say this, that I do not know under what conditions other members become members, because we are probably the youngest. I have never seen any rules, as far I know.

Q. Under what conditions did you become a member?—A. I do not know the conditions. I suppose we felt that in the interests of the Canadian Government Merchant Marine and of Canadian exporters we should be in a position to be in touch with what others were doing, so as to protect the Canadian exporters.

Q. But under what conditions did you join this "pink tea" association?—A. Just for that reason, if we were not in touch with that what others were doing, it would be difficult for us to properly maintain the equity of the rates.

Q. But you do not know the conditions under which the others joined; there must be some condition under which you joined. What understanding did you have when you first joined the association?—A. The understanding was that we would sit in with them and make rates where they were considered fair, but as far as Canadian exporters were concerned we would always have a free hand to make reductions or increases, if considered warranted in the interests of the exporters, subject of course to notice to the Conference members.

By the Chairman:

Q. Mr. Cunningham, I turn now to some further minutes of the 22nd of March, 1921, and I find the following:—

APPENDIX No. 3

"Grain Rates. May shipment. The following is excerpt from night letter received by all lines from S. E. Morse this morning 'effective March 22 grain and flour April rates extended apply for May'."

Doesn't that look as if the grain rates and flour rate were at that time being made in New-York?—A. They may have been at that time. I have no doubt that is right. I said a little while ago that it was not at all times that the rates have been open on grain. As far as this discussion is concerned, I presume the most interesting part of it is concerning the last twelve months.

Q. I think I can assure you that it is all of interest. I will read farther on rates:—

"Rates on Canadian commodities affected by tramp competition. The following letter has been addressed to S. E. Morse this date. 'I have been requested to ask you to put on the agenda for consideration next freight meeting April 7th the question of permitting Canadian lines to make rates subject to Conference approval on certain commodities of purely Canadian origin on many of which a strong St. Lawrence tramp competition exists'."

That is signed by J. W. Nicol, for the Canadian liners. Does it not seem to you a little strange, Mr. Cunningham, that a gentleman representing a Canadian Government institution should be sitting in and confirming part of a Conference which was asking New York interests and British interests that were in New York to put on their agenda for consideration at their next meeting the question of permitting Canadian lines to make rates subject to Conference approval on certain commodities of purely Canadian origin?—A. I think that is a polite way of putting it. There was no question about our securing such authority, if you want to use that word.

Q. Are you not pushing courtesy almost too far?—A. I do not think so.

Q. Was it not one of the objects of the Canadian Government Merchant Marine that you were to have a controlling effect upon the rates, and that you were to relieve the Canadian exporters from what they had felt to be the exactions of the steamship combine; was not that one of the reasons why the Canadian Government Merchant Marine was started?—A. I don't know, but I will say this, that it is not reasonable to expect the Canadian Government Merchant Marine to go into the steamship business and promiscuously slash rates, because we have to bear in mind that our operating costs have to be taken care of, and we are entitled to a reasonable return.

Q. I suppose these tramp steamers that go up and down the seven seas have to earn their overhead and operating expenses?—A. Yes.

The object of taking that question up with New York was in order to enable the Canadian companies to get a share of the business. We are entitled to a share of Canadian traffic.

Q. But why should you maintain a Government institution, or why should a Canadian Government institution have to ask New York for permission to do its business in the way it thinks best; that is what the Canadian people will be interested, I think, in knowing?—A. I think you can put that down to the wording of the letter.

Q. It is Mr. Nicol's literary style that is to blame, unfortunately?—A. Maybe.

By Mr. Caldwell:

Q. Why was that letter written, Mr. Cunningham?—A. Simply to straighten out the question of our giving to Canadian wheat and lumber men the benefit of the Canadian service.

By the Chairman:

Q. Was not this the situation, that there were at that time a number of tramp steamers coming to the St. Lawrence and offering to carry Canadian produce at rates considerably lower than the Canadian and British lines running to Montreal and from Montreal were willing to offer or able to offer, on account of their association with the North Atlantic Conference, and before you could meet that competition you had to ask the gracious permission of the North Atlantic Conference to enable you to do so; is that not the fact?—A. No, sir. The way I reason it out is this; that our rates were at that time considered to be fair rates, but that when the full cargo situation came before us in the way of reduced rates, we felt that in order to secure the necessary quantities of grain and lumber we should have a free hand to make the rates on the basis of the tramp rates. We did not want to reduce these rates, because they were already down practically to living costs; it was not with any intention of shutting out the tramps.

Q. Were the rates on wood ever confirmed by the North Atlantic Conference?—A. Yes, sir.

Q. Why would they have to be confirmed by the North Atlantic Conference; I thought you had the right to make your own rates, as far as wood products were concerned?—A. Only deals, deal lumber.

Q. Is not "lumber" a much broader term than deals?—A. Well, deals are considered more or less of a Canadian product.

Q. But as far as other forest products were concerned, you had to have the concurrence of New York before you could establish rates?—A. No more than that we were members together.

Q. You were all members one of another?—A. That was the agreement. For instance, take oak or mahogany, that is not a very large export commodity from Canada, but it is from the United States.

By Mr. Caldwell:

Q. What class of lumber is included in deals; what size, what dimension of lumber is called deals?—A. 2 by 4.

Q. That is dimension lumber, it is not inch boards?—A. No.

Q. Nor lath or shingles?—A. No. There is in connection with deals a limit of dimension, and then boards on account of their more expensive cost of handling, take a higher basis.

Q. But boards are not called deals?—A. Boards are not called deals; anything under two inches is not.

Q. And anything over two inches is?—A. Yes. I am wondering whether I am correct in that or not. I think it is everything over two inches. You will come across the definition of a deal among those papers there.

Q. My idea was that it was everything over three inches?—A. 3 by 9, perhaps it is 3 inches by 9 inches in width; that can easily be settled there. You can come across it.

By Mr. Hammell:

Q. All the quotations here are dated New York?—A. These are dated New York by the Secretary, who is located in New York.

Q. Mr. Sidney E. Morse?—A. Yes.

By the Chairman:

Q. Mr. Cunningham, I want your observations upon these interesting telegrams that passed on the 23rd of April from your Committee and the answer received. I will read them to you, and you will make some observations upon them. They are found in the minutes of April 23rd, 1921:—

APPENDIX No. 3

"This meeting was held to discuss a telegram received from Mr. Morse in regard to U. K. Shipping Board request for a reduction in rates on cereals enumerated to 49½ in bags and 54½ cents in cases. The Chairman was instructed to send the following telegram: 'At special meeting held by Liner Committee consider your night letter 22nd. They consider action Shipping Board unreasonable in demanding immediate concurrence reduced rates on commodities specified without explanation as to how rates arrived at or reason for reduction thus adding further inconsistencies to rate list. Complaints have been made our Government by certain cereal industries and in protection Canadian trade regret cannot concur in rates proposed without full information as further protest this manner of forcing rate changes and if persisted in must reserve right similar Canadian interests. Committee unanimously of opinion that matter should be held over until next regular monthly meeting'."

The answer is found in the minutes of the 25th of April, 1921:—

"The Chairman read the following telegrams, received from S. E. Morse in reference to sugar and cereals: 'Fetterhof requests following message sent Canadian lines we quite agree with all you say regarding irregularity reduction in rates and if we could control it would vote against the reduction, but situation we must face is that Shipping Board is apparently determined to reduce the rates and unless our Conference agrees the net result will be we will eventually agree at our next meeting and they will have had the advantage of ten days start as proposed rates will undoubtedly go into effect either regularly or irregularly stop therefore we urge Canadian Committee for sake of peace and harmony to agree and we can talk it all over at next meeting and try and adopt some means to prevent a repetition of these methods'."

This Shipping Board referred to is the American Shipping Board?—A. The United States Shipping Board.

Q. The United States Shipping Board was reducing rates?—A. Yes, as a result of the action of the Government.

Q. The Government was forcing their Shipping Board to carry cereals cheaper than they had been doing before?—A. On account of the action in obligating them to quote five cents per hundred pounds differential on wheat flour in bags as against grain in bulk. The result was that the American Shipping Board was reducing rates.

Q. The American Shipping Board was reducing rates in order to meet the competition, and the North Atlantic Conference had to reduce rates too?—A. Yes, sir.

Q. And the Liner Committee of Montreal was protesting against that?—A. Yes.

Q. They were protesting against it earnestly?—A. Yes.

Q. They were protesting against it, and the Government Merchant Marine were sitting in and combining with them in the protest against the reduction in rates?—A. Because we were of the opinion that the reduction was unjustified, that it was bringing them down to an unprofitable basis.

By Mr. Sales:

Q. May I call attention to a little of Mr. Curry's evidence? He says "My understanding is that the representative of the Canadian Government Merchant Marine attends the meetings more as a spectator than otherwise." That is hardly borne out, is it?—A. That is quite true, except when we have questions we wish to bring up. I do not think you will find that we are very prominent, except in the urging for adjustments.

By the Chairman:

Q. I am not saying, Mr. Cunningham, that there is not an arguable case on your side of the question, but shouldn't this phase of the situation be considered? There was the American Government forcing their Shipping Board to reduce rates on cereals?—A. That was in the United States.

Q. In our country we find our ship owners protesting, naturally enough, against being forced to meet this competition and we find our Government institutions combining with the other lines to maintain rates. Does that situation not constitute, whatever sound principles it may be based upon,—does it not constitute a prejudice to our actual producers?—A. No. sir, not if the rates were maintained on an equality from all ports and from both countries. We considered that the proposed rates on the cereal was unwarranted.

Q. Your view is that if the rates had not been reduced all around, everybody would be in the same position as before.—A. Naturally.

Q. Does it not seem to you a little strange that the Government of one country should be urging reductions of rates and the Government of another country, which is a competitor of this country, urging maintenance of rates?—A. That was a condition brought about by the action of the United States Government in connection with wheat vs. flour.

Q. Now I see in the mintues of the Tuesday meeting of May 31st, 1921, warfage on cattle, all lines agreed to "23c. per head on cattle and 3c. per head on sheep, to cover wharfage on live stock and feed, also shipping masters' fees. If warfage paid by railways lines to only collect 13c. per head on cattle and 2c. per head on sheep (hold up the above quotations until official notice is received from shipping federation that agreement has been made with cattle shippers." That was agreed to by all the friends present at this meeting, and it must have been a large one. There were 10 people present?—A. It was simply adopted as a means of simplifying the collection of wharfage for the Harbour Board. In other words, instead of obligating each cattle shipper to make a supplement direct we simply collected the equivalent amount and paid it in in a lump sum. There was no profit made by any steamship company.

Q. The next item is one of interest to the rates on cattle. "All members present affirm that they were not quoting less than $40.00 per head." This was on May 31st, 1921. Why would that be put in?—A. I suppose the question came up. Each Line was asked what they were quoting.

Q. I should say that there was some hint that some fellow was not as courteous as he should be to the others and was quoting less on that?—A. I don't know.

By Mr. Gardiner:

Q. With regard to wharfage did I understand you to read there was a difference of charge as against the individual shipper, as against the railway companies?—A. Yes. I really must plead ignorance on that. It is some arrangement. It is only one case on which the railway absorbs part of the wharfage, but that is a matter that is in the Montreal Harbour Commissioner's tariff. That would be easily explained.

By Mr. Caldwell:

Q. The steamship companies pay what percentage to the ship broker?—A. One and one-quarter per cent when he books the cattle.

Q. Do they not pay one and one-quarter per cent to the steamship agencies as well?—A. I don't know what you mean by that.

Q. What does the Government Merchant Marine pay in the way of percentage?—A. One and one-quarter. We are not carrying them now.

By Mr. Sales:

Q. Do you get your business through brokers?—A. We have done, the cattle business.

Q. Or any business?—A. No, we do it direct. There are times when a broker will do it with us.

Q. What do you pay the broker for such work?—A. We pay 1¼%, which is the customary charge. We do not do any business with brokers on Canadian traffic, but there is a small amount of United States traffic that we have to book through brokers.

By Mr. Caldwell:

Q. Not Canadian cattle?—A. With the exception of cattle.

By Mr. Sales:

Q. You never pay more than 1¼% between the steamship company and the shipper.—A. Between the steamship company and the broker. We don't pay the broker in any case.

Q. Between the shipper comes the broker or the agency or whatever it may be. My point is that there is no charge between the ship owner and the shipper of cattle more than 1¼%?—A. That is correct.

Mr. GARDINER: Referring back to the previous question, I am not quite satisfied with the reply we have received from Mr. Cunningham. I understand that in so far as the wharfage fees were concerned there is a discrimination in the price charged between the individual shipper and the railway companies. Will you read those items again?

The CHAIRMAN: (reading) "All Lines, cargo quote 23c. per head on cattle, and 3c. on sheep to cover wharfage on live stock with cattle shipper," 10c. a head difference. Who would explain that?—A. The tariff of the Montreal Harbour Commissioners would show it but I really must say that I don't know about it. We only handle very few lots of cattle and I am probably not as well versed in the business as I should be.

By Mr. Caldwell:

Q. What is meant by shipping master's fees?—A. They are charges made by the shipping master at Montreal, in the case of cattle shipments.

Q. Who is the shipping master?—A. The government official at Montreal. He is the official who signs on and off all the cargoes, including the cattle men that go on the steamers.

Q. What are his fees?—A. So much per man, for signing the men on and so much for signing the men off.

Q. That is another charge that is between the ship owner and the shipper of the cattle, for the man who signs on the help?—A. That is not met by the ship owner. It is simply under that arrangement the collection was made from the shipper by the ship owner in order to relieve the shipper of a certain amount of trouble. In other words, my understanding is we collect from the ship owner the dock expenses we were put to in that respect.

Q. You collect one and one-quarter per cent for the broker?—A. No. We pay that out of our revenue. You are speaking of the 23 cent and the 3 cent.

Q. And the shipping master's fees?—A. Yes.

Q. What would that amount be?—A. I am sorry to say that I could not tell you. There is a published charge.

Q. There is a tariff that is issued?—A. It is a tariff approved by the government.

By the Chairman:

Q. Do you remember the fact that was brought up the last time you were here, concerning the difference that was charged by British steamship companies out of New York as well as American steamship companies out of New York on flour, which originated in Canada as compared with flour which originated in the United States?—A. Yes.

Q. Before the rate on Canadian flour was established was there any communication between the Canadian Liners Committee and New York concerning what rates should be fixed for flour?—A. You mean in recent times.

Q. Since 1921.

Mr. HAMMELL: It is in operation at the present time?—A. At that time the condition was not the same, I don't think. I really cannot just place the times.

The CHAIRMAN: Let me review this to try to refresh your memory. I quote from the minutes of the meeting of the Canadian Liners Committee held on the 4th June, 1921: "The members of the Canadian Lines after the New York Conference, having decided upon a minimum rate of 6/- on wheat and barley and 5/3 on oats, per quarter, the question was raised as to whether this was not too great a difference over New York and might result in shipments being diverted via Buffalo to the American sea board. In view of the figures submitted by Mr. Marlow on rates from Fort William and Bay ports to Montreal in comparison with Buffalo, it was decided there was nothing to fear from this competition and that the difference arranged for might be maintained. It was decided to fix the Canadian flour rate at 28 cents based on 5/ wheat rate at Canadian rate of exchange, and the following telegram was sent to Secretary Morse:—

> 'At meeting Canadian Liner Committee held Saturday fourth June it was unanimously decided to fix rate on Canadian flour at twenty-eight cents Canadian currency based on 5/ minimum wheat rate at Canadian rate of exchange and request that New York Conference and United States Shipping Board quote this rate on flour originating in Canada. Please reply as quickly as possible.' "

After having heard that, is it possible Mr. Cunningham that this Association, the Canadian Liner Committee, of which you were a member at that meeting, that you suggested to the North Atlantic concerns that there should be a difference in price charged for carrying Canadian as opposed to American flour?—A. No sir. You will find that that figures out exactly the same, the minimum rate. You see at that time the Canadian exchange was quite different from the United States exchange.

Q. That is the explanation?—A. Figuring 5/ of the current rate of exchange would bring it to just those figures. But there would be no difference as regards the actual cents per hundred.

Q. This telegram suggests there should be a difference for the carriage of flour, specified as to its origin, that is to say American flour was to be carried at a different rate than Canadian flour?—A. It was a question of carrying Canadian flour on the basis of Canadian cents per hundred pounds as against carrying American flour on the basis of United States cents. It was a question of exchange.

Q. The question of publicity came up at one of these meetings, on the 7th June, 1921. No reports of what you decided at this meeting were ever furnished to the Canadian press, were they?—A. I don't think so. I don't remember.

Q. I would like to read this from the minutes of the 7th of June, "report of conference meetings furnished New York press. Attention of the meeting was drawn to the fact that every report in the New York Journal of commerce of the 6th instant (dated Saturday's latest edition) gave full details of the freight Conference meeting held in New York on June 2nd. As such a course is absolutely contrary to Conference understanding as recognized by the St. Lawrence Liner Committee, the chairman was requested to take up with Mr. Morse and ask for an explanation." Do you remember if you ever got any explanation?—A. I think it would show in the following minutes. I think that it is quite a natural view to take that certain information will be given the press.

Q. But it would have been decidedly unadvisable to have all this given to the press.—A. I don't see anything objectionable in any of those items so far. I don't see that any harm would have been done if the press had any of that.

Q. Can you explain the strange reluctance shown by the witnesses who appeared before us last Thursday, I think it was, to tell us all about these meetings on Tuesday afternoons and also to furnish us with other informations. Was it courtesy or modesty?—A. It might have been that when we came up we did not know what you wanted.

The CHAIRMAN: Well now gentlemen it is half past five. I don't think we can finish with this witness to-night. I don't want to keep the other witnesses but Ottawa is a very pleasant place to stay.

By Mr. Sales:

Q. Just before we get away I want to touch on this subject of the brokerage charge. I tried to get it from Mr. Curry and he stated that one and one-quarter per cent was what was charged. I said: "not 2½". He said "no 1¼". Do you know James McDonald?—A. Yes sir.

Q. What is he?—A. He is a cattle broker.

Q. Would you know his signature?—A. No.

Q. Well now I have a letter here; "As requested by you on the telephone this morning, March 17th, I am writing to advise you that it is generally accepted as a fact that on the bookings of all ocean space by a recognized broker, whether for live or dead freight, the steamship company is allowed a commission of 2½ per cent." He has taken 1¼ per cent.—A. I cannot answer that as to the other lines. I cannot only say the C.G.M.M. have only paid 1¼ per cent.

Q. Can you explain what he means by stating "We have no steamship in our own" excepting may be to infer as I take it, that all the business goes through steamship agents?—A. I would say what he means is that the offices in Montreal, with the exception of ours, is not the head offices.

Q. That is they are agents?—A. They are not the head offices. They can no doubt be properly designated as port offices. For instance the Canadian Government Merchant Marine maintains its office in Montreal as the head office. We have our own office in Halifax and St. John and our own office in Vancouver. They are port offices.

Q. Does the Furnace Withy and White Star Dominion Donaldson do their business through agencies. Have the Furness Withy their own office in Montreal?—A. Yes.

Q. Is Mr. McDonald a man to be relied upon?—A. I don't know anything about that 2½ per cent.

Q. He would know what he is talking about?—A. Well I would say certainly. He has been in the business a long time.

Q. Because this is very serious, when a witness gives evidence and I say "not 2½ per cent" and he says "No 1¼ per cent".

Q. And this is rather serious?—A. I really cannot say anything about that. As far as we are concerned, when we were in the business it was 1¼ per cent.

The CHAIRMAN: That is Mr. Curry's evidence.

Mr. SALES: "A. I don't know any different. I am inclined to think that perhaps Mr. McDonald mentioned the rate of 2½ per cent in error. I would not like to say."

Q. He mentions this in answer to a request over the phone?—A. Yes.

Q. A definite request?—A. Yes.

Q. And he does not merely mention it. He says "to advise you that it is generally accepted as a fact, that on the bookings of all ocean space by a recognized broker, whether for live or dead freight, the steamship companies allow a commission of 2½ per cent"—A. I feel quite sure Mr. McDonald does not understand the workings of the offices to which he refers.

Q. Then he does not know what he is talking about. That is what you say.—A. To that extent I will say so.

The Committee adjourned until 9.30 a.m., March 21, 1923.

HOUSE OF COMMONS,
COMMITTEE ROOM 268,
Wednesday, March 21, 1923.

The Special Committee appointed to inquire into agricultural conditions throughout Canada met at 9.30 a.m., the Chairman, Mr. McMaster, presiding.

WM. ARTHUR CUNNINGHAM recalled.

By the Chairman:

Q. Mr. Cunningham, in looking over this file I felt that we should have further information on this point: Are the different lines in Montreal members of the North Atlantic Conference?—A. Yes, sir.

Q. Is the Canadian Government Merchant Marine a member of the North Atlantic Conference?—A. Yes, sir, to the extent that they sit in at the meetings and bear their share of the expenses.

Q. Are there any fees paid by the lines that belong to the North Atlantic Conference?—A. Yes, sir, the expenses are pro-rata.

Q. Does the Canadian Government Merchant Marine pay its quota?—A. Yes, sir.

Q. I think you have said on several occasions that in attending this Conference the Canadian Government Merchant Marine did not obligate itself to maintain the rates. Is that right?—A. In sitting in at the Conference the Canadian Government Merchant Marine reserves the right in the interests of Canadian exporters to independent action if necessary.

Q. That is well understood between yourselves and the other lines?—A. Yes, sir.

Q. When those minutes are circulated, if there is anything wrong or incorrect in the way they are made up, do you call attention to the mistake if you are affected by it?—A. Yes, sir, if I felt that it was of any moment. There might be a time where a slight error would not affect us in any way.

Q. But if there were any substantial mistake in the way the minutes were prepared, would you consider it wise to direct the secretary's attention to it?—A. Yes, sir.

Q. I want you to listen carefully to this, and then give us your explanation, if there is any. In the minutes of 20th July, 1921, under the heading "Canadian Government Merchant Marine," I find these words:—

> "Mr. Cunningham announced that the Canadian Government Merchant Marine would adhere to the Conference Continental Rates as agreed upon from time to time and also expressed his willingness to join the Continental Conference if necessary."

First of all, what is this Continental Conference?—A. That is a Conference of the lines operating from Montreal to the continent; that is Antwerp and Hamburg. We are not operating under that Conference. We send an odd boat into Antwerp, and sometimes we have sent a boat to Rotterdam with grain.

Q. Is that Conference a section of the North Atlantic Conference, or is it another Conference?—A. It is another branch of the North Atlantic Conference.

Q. It is a branch of the North Atlantic Conference?—A. It is entirely independent of the United Kingdom branch.

Q. But it is made up largely of the same interests?—A. It is made up of operators who have a service to the continent.

Q. Mr. Cuningham, frankly, this minute does not convey to my mind the impression that you were sitting in merely as an interested observer?—A. We did not sit in in that Conference.

Q. Even without sitting in in that Conference you say that you adhere to the Conference Continental Rates as agreed upon from time to time?—A. Well, the reason for that is, naturally if we, through a shortage of cargoes, say to London, wish to fill up a steamer for a continental port, we would inquire as to what rates are in effect then and charge those rates.

Q. But, Mr. Cunningham, do you not see an apparent contradiction in your statement that you only went to those meetings as an interested observer, and the statement in those minutes that you agree to abide by those rates?—A. I do not remember ever saying that we went as an observer.

Q. You did not use the word "observer"?—A. I do not think I conveyed that impression; I certainly never intended to convey it.

Q. Let us have it again. What is your idea in attending those regular meetings of the Canadian Liner Committee?—A. In order to keep in touch with the situation as to steamship operations.

Q. Then, do I understand that you are not obligated in any way to adhere to the rates which are decided upon at those meetings?—A. Oh, yes, as long as we agree they are reasonable and fair, and have no reason in the interests of Canadian trade to act independently, we adhere to the rates agreed on.

Q. I see that on June 21st, 1921, there is this entry in the minutes:—

> "Cattle: Telegram was read from Toronto shippers complaining of the present rate of $40 per head, claiming that inland and ocean freight was making present business unprofitable and almost prohibitive. Rate of $40 per head, as per minute meeting May 31, reaffirmed."

You were present at that meeting?—A. Yes, sir.

Q. Was there any discussion, do you remember, about the rate?—A. I do not remember any discussion, sir.

Q. You do not remember ever having tried to bring down the rate that the others made?—A. No, sir, we have never felt that the rate on live stock was unfair from an operating standpoint.

Q. In the minutes of June 28, 1921, I read under the heading of "Apples"—

"The Chairman was requested to write Secretary Morse asking that the apple rate be put on the agenda for discussion at the next Conference meeting at New York, July 7th."

Does not that bear out my contention that those rates were settled not in Montreal but in New York?—A. Of course, the meetings at New York are attended by all the Conference members. It is perhaps a coincidence that meetings are held in New York, but that has no important bearing on the making of the rates.

Q. The rates are made at New York and the meeting is attended by all the Conference members?—A. That is the meeting place for the Conference.

By Mr. Robinson:

Q. I think it would simplify things if you would tell us on what basis those rates are made. The other day you spoke about a rate that was warranted, and so on. Now you say that the rates are made, and I would like to know what elements you take into consideration, or what elements they take into consideration in making the rates?—A. That is a question of market conditions.

Q. That is all I want to know.—A. To-day the rates on practically all commodities are lower than they should be from the point of view of steamship operating costs.

Q. What costs would make the rate go up?—A. The cost of operating the steamer.

By the Chairman:

Q. You take into consideration, do you not, the rates that are being obtained for the things you carry?—A. That would be a factor if the rates were on a profitable basis, I have no doubt, but to-day I do not know of any rates that do bear a profit.

Q. But generally speaking, the price which is being obtained for the commodity carried, is one of the factors entering into the decision as to what the rates should be?—A. That is so.

By Mr. Sales:

Q. The rate for cattle used to be $7.50 or 30s. to 40s?—A. I do not know that we were in that business.

Q. Has the cost of operation increased to that extent, all the way from $7.50 to $40, an increase of at least five times what it used to be ?—A. We were not in the business at the time, so I cannot tell you what the costs were then.

By Mr. Hammell:

Q. You just said that you did not know of any rates that were making a profit?—A. In the larger commodities.

Q. Is it a fact that all the steamship companies are carrying stuff at a loss? —A. Certain commodities, at a loss, yes, sir. I don't think we have seen very many satisfactory annual reports of the Steamship Companies lately. I think they all show losses in their operations.

By the Chairman:

Q. I notice that on July 4, 1921, under the heading "Grain".

Grain.—Telegram of July 1st and circular letters dated July 1st, and 2nd, from Secretary Morse, together with Supplement No. 10 to Commodity List No. 17, dated June 20th were placed before the meeting

and discussed. Canadian lines agreed quote rates as per Supplement No. 10 on grain up to August Seaboard pending action New York meeting July 7th as to rates beyond that date.

Am I wrong? You will tell me if I am wrong in my feeling that these grain rates were only settled after conference with New York?—A. No, sir. From memory I would say they were settled in Montreal.

Q. Why all this correspondence with New York?—A. To keep them advised of what we were doing. They would keep us advised.

Q. Is your evidence to the effect that the only object in communicating with New York was to advise them of decisions which you had advised them of, independently of Montreal?—A. To advise them of the decisions and to confer with them as to market conditions on the grain situation.

Q. And as to what rates should be charged?—A. If New York was charging a certain rate and we in Montreal were higher than that rate we would feel it necessary to reduce our rate to that basis.

Q. If New York was higher than Montreal would you not feel it necessary or wise to increase your rate, as a usual thing?—A. No, I think it would work the other way. The United States would want to reduce theirs.

Q. It was a sort of competition, to see who could reduce the fastest.—A. It was to keep in view the market conditions as to the grain situation.

Q. Would you have these gentlemen and myself to understand that conferences were held with the idea merely of reducing rates and never of putting them up?—A. No, I would not say that. There was an increase in one rate, maybe a month or two ago, which is the only one I remember of in about four years.

Q. Rates have been on the down grade?—A. Absolutely, yes, sir, from 14s. down to 1s. 6d. on grain.

By Mr. McKay:

Q. To what do you attribute that?—A. Market conditions. The conditions of the grain market.

Q. That means you charge all the trade can stand?—A. That is a difficult question to answer. I am not in a position to say as to that.

By Mr. Sales:

Q. Will you explain the difference? What conditions would make rates go up and what conditions would make them come down or tend that way?—A. I would say that that would be the question of price in Great Britain or on the continent.

Q. You mean to say you base your ocean rate charges on what the price is in Great Britain. What has that to do with the cost of carrying?—A. It has a great deal to do with it. If the Canadian shipper is shut out of the English market on account of say, Australian grain or grain from the River Plate, the price has to be adjusted if he is going to get into it.

Q. If on the other hand he has free access to the demand for the Canadian grain you raise your rates and take advantage of it?—A. No, sir. I don't remember ever having done that to an unfair basis.

Q. Still if the market condition warranted the rates, because you said over and over again those market conditions govern the rate. If market conditions warranted the rates?—A. It has always to be borne in mind that the grain rate is not a remunerative one to steamships.

Q. Is there anything that is remunerative to the steamships?—A. Very little. Not cattle or flour or grain anyway.

By Mr. Hammell:

Q. Can you tell us just at what date the rate on grain was 14s.?—A. I cannot tell you from memory.

Q. Approximately.—A. I would say in 1920, I think.

Q. Now it is 1s. 6d.?—A. It has gone as low as 1s. 6d., yes.

Q. How much higher was your cost of operation in 1920 than it is to-day, comparatively; 100 per cent?—A. Oh, more than that.

Q. How much more; 200 per cent?—A. I should think at least three times as much.

Q. Your rate was nearly ten times that?—A. It just shows that it bears out my statement as to how unprofitable the rate is.

Q. Was your rate profitable at 14s. at that time?—A. I would say that left a little.

By the Chairman:

Q. A small margin?—A. A small margin.

By Mr. Caldwell:

Q. How much is the traffic losing you now?—A. I cannot answer that because it depends on the quantity we carry in a shipment. It is not the same quantity in each steamer.

Q. You don't mean to tell me there is any shortage of wheat to carry this year? There is congestion everywhere and cargoes waiting to be shipped?—A. There have been times when there has not been grain available for the United Kingdom.

Q. At what time this past year?—A. I remember in February there was no grain for some of our London steamers. We had to take grain for Antwerp in order to get a cargo.

By Mr. Grimmer:

Q. You are giving us the rate on grain in 1920 and 1922. Can you give us the rate on flour on those dates?—A. It is 19 cents at the present time and I don't remember what it was in 1920.

Q. 1920?—A. Canadian flour is 19 cents to-day but in 1920 I think it was 65 cents, wasn't it?

Q. You have stated that in June 1921 you did not consider the rate of $40 on live stock unfair at that time, on cattle?—A. Yes, sir.

Q. Do you take the initiative in fixing the rates at all or is that left to these conferences?—A. No. We figure out our costs for fitting up these steamers and for the costs of the attendants and all other expenses and base the rates on those figures.

By Mr. Clifford:

Q. Why should the rate be so much higher?—A. When.

Q. In 1920 than it is now?—A. On account of labour conditions and operating costs. Coal was higher and wages were higher.

Q. It could not be very much more.—A. We paid as high as $20 for bunker coal.

By Mr. Robinson:

Q. In Mr. Nicol's evidence the other day, when we were talking about that reduction of the freight rates on Nova Scotia apples, it was reduced from $5 to $1. It would have been $5 in 1919 or 1920. The Nova Scotia shippers had to go to New York in order to get the rate reduced.—A. I don't know about that. We never handled any $5 apples.

APPENDIX No. 3

By Mr. Milne:

Q. Can you give us any idea of what commodities you usually work on?—A. I would say the main ones are grain and flour.

Q. What commodities are your best?—A. Well the higher class commodities——

Q. For example?—A. The present rate on automobiles is just about—I would say just about cost. I really cannot tell you the ones that are considered the profitable ones because really all those commodities are limited practically to the fast boats.

Q. What is the present price of automobiles?—A. Fifteen cents per cubic foot.

By Mr. Hammell:

Q. I have before me a list dated December 31, 1921, 65 cents per cubic foot. In this same list it also shows—I quote flour 65 cents per 100 pounds in barrels; half-barrels, 75 cents per 100 pounds. This is the latter part of 1921?—A. Yes.

Q. The present rate of flour is 19 cents?—A. Canadian flour 19 cents, yes.

Q. Just when did that cease to be a profitable business.—A. Very shortly after the United States Government took a hand in the rate making.

Q. I mean from the rate of 19 cents to 65 cents?—A. I could not say that, sir. That is a question of operating costs.

The CHAIRMAN: Gentlemen, my suggestion is this: I have not been able to get through the whole of this file. The matters referred to are on a par with the matters under discussion with the witness and I doubt if it is necessary for us to go further into this file at this time. I propose to ask the witness a few questions of a general character and then I will leave him to the members of the Committee to question him on any special point they may have in their minds.

Q. Now, I think you said when you were here the other day or yesterday that you had departed on certain occasions from the rates fixed by the Canadian Liner Committee, and my impression is that you said that it would average about once a month, the departure from the rates. Am I right?—A. The way the question was put perhaps would indicate that we averaged once a month, but what I meant to convey was that the total number of times or the total of shipments accepted might in the aggregate amount to, in three years, thirty-six times.

Q. Will you tell us on what occasion and in respect to what products or articles you departed from the rate?—A. In 1920, at the time when it was being considered as to whether we should sit in with the Conference, the lines were charging $1.50 per hundred pounds on meats and we made a charge of $1.25.

Q. You advised your associates what you were going to do?—A. Yes, sir.

Q. Did they come down also?—A. No, sir, not immediately.

Q. They finally came down?—A. At that time there was a great demand for space and perhaps, as you remember, the British Ministry controlled a certain amount of the space on all British steamers. We were not in that position. We had the whole of our space for commercial bookings.

Q. That is in 1920 on meats?—A. Yes.

Q. Do you remember any other instance in the year 1920 in which you departed from the established rates?—A. No, sir, I don't, offhand.

Q. Do you think there was any other?—A. No, I don't think so, but I would like to say that matters of that kind are very rarely handled by correspondence. It is practically all verbal.

Q. You would remember, would you not, whether you had departed from the rates in 1920 in other regards?—A. I would say so.

Q. To the best of your recollection, and you believe your recollection to be accurate?—A. Yes.

Q. In the year 1920 you departed from the established rates on only one occasion and that in respect to meats?—A. I thought you meant——

Q. Don't bother about what you thought I meant. Have I summed up the situation correctly?—A. If you wish to make it on a commodity I would say yes.

Q. I don't infer there was only one shipment of meat. There have been a number of shipments of meat?—A. Which would go to make the thirty-six.

Q. But that was the case, and the commodity in respect of which you departed from the rates?—A. Yes.

Q. Have you any idea how many shipments there might be?—A. No.

Q. There might be a number?—A. Yes.

Q. That is for the year 1920? Take the year 1921. Do you remember on what occasion and in respect of what commodity you departed from the established rates during that year?—A. I remember we had occasion to take independent action in connection with Nova Scotia apples.

Q. Do you remember any other occasion during the year 1921 in which you departed from the rates, save and except in respect to Nova Scotia apples? —A. We had times where we took on shipments of Quebec deals.

Q. In 1921?—A. Yes. I would like to say these were practically all taken as deck loads.

Q. A deck load will often be carried at a little lower rate than for goods put in the hold?—A. It has come down, yes.

Q. Were there any other occasions in respect to any other commodity in 1921?—A. I don't remember any.

Q. In 1922 did you depart from any established rates and if so in respect to what commodity?—A. I would say the same would apply on deals in 1922.

Q. In 1923 did you depart from established rates?—A. No, I don't remember of any.

Q. Was there anything about automobiles? Do you ever depart from the established rates in regard to automobiles?—A. There was a shipment of automobiles in 1922 when the rate was 35 cents and we gave a rate of 25 cents a cubic foot.

Q. Did that cover shipments?—A. Yes.

Q. To sum up your evidence on this point to the best of your recollection, and you believe your recollection if fairly accurate, since the inception of the Canadian Government Merchant Marine that institution has maintained the rates established with their associates in respect to deals, automobiles, apples, and there was one other, meats?—A. I would say that first, you must remember we have been instrumental in a very large number of cases in arranging for the adjustment of freight rates.

Q. Up or down?—A. Down.

Q. I am not saying that what you state is not accurate but I do say that this battle for lower rates for the people of Canada does not appear in this file you placed before the Committee, so far as I have been able to see.—A. As I said a moment ago a great many of the discussions were verbal in that connection.

Q. You just told us about three of those discussions in the four years you have been operating. Tell us in what respect you have battled for lower rates, and in regard to what commodity.—A. I remember sole leather in rolls was one where we arranged to meet the shipper's wishes in making a very drastic reduction.

Q. Did you get your association to comply with that?—A. Yes.

Q. What was the drastic reduction?—A. I think it was from $2 to $1 per hundred pounds.

Q. How many shipments did that cover?—A. Well unfortunately after the rate was reduced we did not get any shipments. It went by other lines.

Q. Why did it go by other lines?—A. The shipper's privilege.

Q. Why did it go by the other lines? Because they gave them a lower rate? —A. No, sir.

Q. Because they gave them better accommodation?—A. It might be that it went on a faster steamer but we don't consider it was a very fair way to treat us.

Q. That battle for the rights of the people was an empty victory?—A. It was a victory for them. It enabled them to market their leather on a more profitable basis.

By Mr. Hammell:

Q. What rate do you say leather was cut from?—A. I think from $2 to $1.

Q. This supplement, in December, 1921, quoting leather at $2.50 per hundred pounds; leather in rolls, bales, bags or bundles; leather in cases or bundles, except stiffening leather, fibre heels, $1; leather belting $1; leather scrap in bags, value not over 5 cents per pound, $2 per hundred pounds. That is all that is said about leather?—A. I think a little later on you will find the $2.50 basis was down to $2.

Q. This is on December 31, 1921?—A. Yes.

By the Chairman:

Q. In what year was that victory on leather achieved?—A. I really don't remember.

Mr. HAMMELL: It must have been last year.

By the Chairman:

Q. No, we have leather. Do you remember any other occasions?—A. Yes. I remember on wood pulleys.

Q. Do you remember what the reduction was?—A. No, I don't.

Q. Do you remember the extent of shipments after the reduction?—A. We had four or five carloads.

By Mr. Caldwell:

Q. Carloads? Not a very extensive trade?—A. No.

By the Chairman:

Q. As a matter of fact would all the wood pulleys shipped by sea from Canada in a year fill one hold of your ship?—A. I would not be in a position to say that.

Q. Give us an idea.—A. I would say probably about one cargo.

Q. One cargo of a whole ship of wood pulleys?—A. Yes. I want to make it—

Q. You know more about these things than we do?—A. I am afraid you are asking me a question I should not answer because I don't know how much the output of this firm is.

By Mr. Caldwell:

Q. Is there only one firm making them?—A. I only know of one firm.

By the Chairman:

Q. We found leather and pulleys. Now what other things did you obtain a reduction on?

Mr. HAMMELL: Pulleys come under a very wide definition.

Mr. SALES: Pulleys on May 6, 1922, $1.25 per hundred pounds.

By the Chairman:

Q. We have got the leather and we have got the pulleys? What other things did you get reduced?—A. Flour.

Q. To what extent and at what time?—A. Well at the time the United States Government instructed the United States Shipping Board as to the basis on flour we made a reduction, not on the same basis but in order to bring the rate down to about the same as was being charged by the United States Shipping Board.

Q. Is it the same as the rate charged by the United States Shipping Board? —A. It is not to-day.

By Mr. Caldwell:

Q. Did not the other vessel owners in Canada reduce the rate on flour at the same time?—A. Yes.

By the Chairman:

Q. But Mr. Cunningham it was not just a desire to reduce the rate that induced you to do that. It was because you had to meet New York competition, was it not?—A. No sir. It was in order to give the Canadian miller the same basis of rate as the United States miller.

Q. Did you get it down to a parity?—A. Yes.

Q. But you have not been able to get it down to a parity lately?—A. When we got it down to 19 cents we had considered we were down below cost and we did not feel justified in reducing it further.

Q. We have leather, pulleys and flour.

By Mr. Sales:

Q. Would you mind me asking him a question on flour? I see in the commodity list No. 20 " Wheat " flour in bags, rate open until December 31, 1922, seaboard shipment". What does that mean, " rate open".—A. It means there is no tariff rate on it. Any line can use its own judgment as to the rates they will charge.

Q. It states just above this, " flour in barrels, Canadian origin only, 25 cents per hundred pounds, rate open until December 31, 1922." That means on December 31 it is to be 25 cents per hundred pounds?—A. May I look at that?

Q. Yes. " Wheat " flour of Canadian origin only?—A. There is no flour shipped in barrels, as far as I know to the United Kingdom.

By Mr. Hammell:

Q. Oh yes.—A. I don't think we have had any.

Q. Canadian flour. You are not handling flour in barrels.—A. We get practically no flour. It practically all goes to the other lines.

By the Chairman:

Q. Were there any others?—A. There have been others but I am afraid I don't recollect any particular cases I could cite.

Q. Would the cases that you have forgotten be of any importance?—A. They certainly were of importance in the eyes of the shippers.

Q. If they were of real importance you would have remembered them, would you not?—A. That is if they were commodities shipped in large quantities I think I would remember.

Q. You don't suggest pulleys are shipped in large quantities and you have these?—A. Yes.

Q. You remember the case of leather when none was shipped at all?—A. By our lines. It was certainly emphasized in my memory.

Q. It impressed itself on your mind because after you fought the battle to get cheap rates it was pretty mean of them to take the shipment elsewhere? —A. Yes. We were convinced that it was necessary, in order to get into the market, that the rates would be reduced.

By Mr. Sales:

Q. To get rates reduced you made sub-shipments?—A. The matter was brought to our attention that the reason the leather was not being shipped was because the rate was high.

Q. If our cattle men said "We cannot ship cattle at these prices. We won't ship them". That would have a tendency to lower the rate?—A. We are not handling cattle.

Q. Whereas if they sent a great number of them the tendency would be to increase the rate?—A. We don't handle cattle.

Q. I am speaking as a shipping man.—A. That would be entirely outside of the question of the costs, fitting up and operating. Where you get down to a point which is not profitable the Canadian Merchant Marine could not be asked to handle business at a loss, when it is operated on a commercial basis.

By the Chairman:

Q. Mr. Cunningham, when you departed from these rates did you ever get any letters from the Canadian Liners Committee finding fault with you for doing so?—A. I do not remember getting any such letters.

Q. I am going to read to you a letter which is on the file you have produced, a letter written by the Chairman to Mr. Doherty, of the Canada Steamship Lines, Limited, which bears date November 9, 1921, and which reads as follows:

EXHIBIT No. 8

"November 9, 1921.

L. A. W. Doherty, Esq.,
Canadian Steamship Lines, Ltd.,
Montreal.

Dear Sir:—

At Canada Liner Committee meeting held yesterday it was reported that your company were cutting rates on provisions and automobiles to Ukay, by an arrangement of special rebate to shippers.

As you are a member of the Canadian Liner Committee, I, as Chairman, have been requested to write to you in the matter, and will be pleased if you will advise, by return, if such is the case."

The name is not on this copy of the letter, but it says "Chairman Canadian Liner Committee meeting November 8, 1921."

Q. Do you remember ever getting a letter of this sort?—A. No, sir.

Q. Not necessarily in the same matter?—A. No, sir, I do not.

Q. Mr. Doherty wrote back the next day the following letter:

"Montreal, November 10, 1921.

J. W. Nicol, Esq.,
Chairman, Canadian Liner Committee Meeting,
Messrs. Furness, Withy & Co., Ltd.,
Montreal.

Dear Sir:—

I am in receipt of your letter of the 9th inst., file 6.

Previous to the receipt of your letter I discussed this matter with you on the telephone, and pointed out that the report made at the meeting, so far as it is recorded in the minutes thereof and in your letter, is of a general character. Complaints of rate cutting are heard at Conference meetings from time to time, and those making such complaints usually have, or think they have some definite information or grounds to support them. Therefore, on receipt of some definite or specific information relating to the charges in question, I shall be pleased to give these complaints the necessary attention.

Yours very truly,
L. A. W. Doherty,
General Traffic Manager,
Canada Steamship Lines, Ltd."

The letter says "complaints of rate cutting are heard at Conference meetings from time to time,"—what Conference would that be?—A. Montreal, I would say.

Q. Mr. L. A. W. Doherty was the gentleman who gave us a good definition of the Committee?—A. Yes.

Q. Stabilizing?—A. Yes.

Q. Here is the answer to Mr. Doherty, which I think is correct; it is dated November 12, 1921:

"L. A. W. Doherty, Esq.,
General Traffic Manager,
Intercontinental Transports, Ltd.,
City.

Dear Sir:—

Your letter of the 10th instant has been distributed to the members of the Committee, and I am instructed to say in reply that it has not been the practice of the Canadian Conference Committee to exact specific details of alleged rate cutting. When an allegation of the kind has been made in general terms it is usual for the Line involved to admit or deny fault, and if the charge is founded on fact an explanation is made. Frequently a poll is taken, but as you have been absent from our several recent meetings such procedure could not be followed in this instance."

Q. Were you ever present at any of these meetings when a poll was taken?—A. I do not remember that I was; I must have been, if he says that frequently there was a poll taken. I do not really understand what he means by a poll.

The CHAIRMAN: I did not quite understand it myself.

Mr. SALES: It means that a vote was taken.

By the Chairman:

Q. Would it be this, Mr. Cunningham; the company which had been guilty of the fault of reducing rates, its representative would be brought before his associates and censured, and a vote of censure passed after the representatives were polled; is that the idea?—A. If that is what he means by a poll, it must be.

Q. Was that ever done at any meeting you attended?—A. There have been occasions when an opinion was voiced as to whether a certain action was justified or not.

Q. Was any fault ever found with a company that raised the rate?—A. As I say, I have not been there all the time.

Q. Your name is mentioned at nearly everyone of them?—A. I was going to say that I did not recollect where there had been any increases in the rates, with the exception of one commodity rate.

Q. By votes of censure their opinions were expressed as to the fault of a member, and if so it must have been for cutting a rate?—A. Not for cutting a rate, but as departing from the usual procedure.

Q. The letter continues:

> "One of our members is in possession of declared authentic information to the effect that you booked a shipment of Provisions from a United States point for London on condition that the Bill of Lading show ocean rate of 60 cents per 100 pounds while adjustment of freight was to be made on the basis of 50 cents per 100 pounds; or in other words a rebate by subterfuge was arranged of 10 cents per 100 pounds. Similar information has been received regarding Automobiles to London and Asbestos to Hamburg.
>
> In view of your letter to the Canadian Liner Committee under date of May 6, in which you undertook to observe Conference rules and regulations as set forth in minutes of meeting April 26, it seems only reasonable that the Committee should expect a definite reply from you to the complaint made.
>
> Yours truly,
>
> J. W. NICOL, *Chairman*,
> Canadian Liner Committee Meeting,
> November 8, 1921"

Mr. CALDWELL: Whom was that letter written to?

The CHAIRMAN: It was written to Mr. L. A. W. Doherty.

Mr. CALDWELL: It is not a complaint against the Canadian Government Merchant Marine for cutting prices?

The CHAIRMAN: No.

Mr. CALDWELL: They are not the only ones who were cutting prices.

The CHAIRMAN: These letters will be marked as Exhibit No. 8.

(Three letters consisting of four sheets, marked as Exhibit No. 8).

Q. Do you have any expenses in connection with your Canadian Liner Committee?—A. No, sir.

Q. Are any fees exacted?—A. No, sir.

Mr. CALDWELL: These letters are being incorporated into the minutes?

The CHAIRMAN: Yes, certainly.

Q. Do you remember any correspondence held last May by telegram in which the Canadian Liner Committee objected to the lowering of the rate on flour by New York?—A. No, I do not remember offhand, sir.

Q. Your evidence has been to the effect that you merely advise New York about flour as a matter of courtesy?—A. As far as the rate has been open in the United States.

Q. Did you ever at any time advise New York, or have any correspondence with New York, telegraphic or otherwise, which had something more than mere politeness as its basis?—A. I cannot answer that from memory.

Q. I have here your telegram addressed, Montreal, May 2, 1922, to Sidney E. Morse, 8 Bridge Street, New York, N.Y.

"See Craig's wire eight ninety-five flour Canadian Lines holding for present twenty-five cents Ukay and Irish Ports flour Canadian origin but have information United States Lines are violating our agreement by booking through brokers at yours flour from Ontario at eighteen and nineteen cents. Investigate and advise.

W. T. Marlow."

What was this agreement which Mr. Marlow, who signs this telegram, charges the New York people with violating?—A. I presume it was in the usual course of events. If the tariff showed 25 cents the New York lines would ask that rate.

Q. Correct me if I am wrong in this, Mr. Cunningham; you have told this Committee that you advised New York about flour rates merely as a matter of courtesy?—A. Merely that they would be kept advised as to what our rate was.

Q. Do you persist in that, that it was a matter of courtesy that you advised New York about your flour rate; was it not in order to see that both parties to this agreement would maintain the combine prices they agreed upon?—A. There is no agreed price on United States flour, as far as the British lines are concerned.

Q. Have you agreed upon prices upon flour of Canadian origin?—A. We figured that our rates were fair rates.

Q. What I want to find out is this; was there a binding agreement between the shippers, the transporting interests out of New York and the transportation interests out of Montreal to maintain a certain rate upon flour of Canadian origin; was there or was there not; you may answer Yes or No, and then give us your explanation afterwards. Was there an arrangement to that effect, or was there not?—A. I do not think I can answer Yes or No to that question, sir.

Q. Let me read both telegrams to you, and they will perhaps refresh your memory and enable you to answer. The first is a telegram addressed by W. T. Marlow, who is one of the head men I understand of the C.P.R. boats?—A. A foreign freight agent of the C.P.R.

Q. He telegraphed Sidney E. Morse, at No. 8 Bridge street, New York. Mr. Morse is the secretary of the North Atlantic Service Ukay, is he not?—A. Yes.

Q. Here is the telegram:—

EXHIBIT No. 9

Montreal, May 2, 1922.

Sidney E. Morse,
8 Bridge street,
New York, N.Y.

See Craig's wire eighty ninety-five flour Canadian Lines holding for present twenty-five cents Ukay and Irish ports flour Canadian origin but have information United States Lines are violating our agreement by booking through brokers at yours flour from Ontario at eighteen and nineteen cents Investigate and advise.

W. T. Marlow.

APPENDIX No. 3

On the same date there is another telegram, which is addressed to Mr. Craig by Mr. Marlow, as follows:—

Montreal, May 2nd, 1922.

V. H. Craig,
United States Shipping Board,
45 Broadway, New York, N.Y.

Your eight ninety-five and six Canadian Lines at present holding for twenty-four cents flour of Canadian origin to Antwerp Rotterdam Hamburg Bremen French Atlantic Ports and twenty-five cents Ukay and Irish Ports. See my wire date Morse.

W. T. Marlow.

(Copy of two telegrams marked Exhibit No. 9.)

Q. With these telegrams in your ears, Mr. Cunningham, do you suggest to the gentlemen of this Committee that there was not an agreement between the transportation interests trading out of New York and trading out of Montreal to maintain a certain rate on flour of Canadian origin?—A. Yes, there was an agreement.

By Mr. Caldwell:

Q. With regard to shipments from St. John to Cuba, did you have any correspondence in 1922 with regard to the shipment of potatoes between St. John and Cuba?—A. No, sir; not that I remember.

Q. You had shipped from St. John during the winter of 1920 and 1921, had you not?—A. Yes.

Q. That would be the winter of 1920-21?—A. Yes, sir.

Q. Rather 1919, 1920 and 1921?—A. Yes.

Q. Why did you discontinue last year?—A. Because conditions in Cuba became so terrible that we lost money on the service.

Q. What were the conditions?—A. They had a very serious strike in Havana in, I think, the winter of 1921. The result was that steamers were tied up there, some of them for two months, and very heavy expenses were incurred, which created a heavy loss.

Q. And you were through, for that reason?—A. Yes.

Q. It is a peculiar thing that the Furness-Withy Company were so anxious for the business while your people were pulling out.—A. I think Furness-Withy were on a different basis in this regard, that they are handling, as I understand it, steamers as agents only.

Q. But they must make the traffic pay, for the season?—A. I do not see how they can, but I am not in a position to answer that.

Q. They charter steamers as the traffic goes out?—A. Yes.

Q. Do you think they would do that if the traffic was not paying?—A. If the owners were accepting the rates offered, they would continue.

Q. But they must charter them at a price that the traffic will pay for it, or they would not charter at all?—A. That would be good business, I would say; but we could not charter a steamer of the Canadian Government Merchant Marine at a price that apparently the Furness-Withy Company can obtain steamers for.

Q. At the present time?—A. Yes, at the present time, because we would show a very heavy operating loss.

Q. Was not your chief difficulty due to the fact that there was not enough cargo traffic offering in the two years you were on the route, that the traffic was light?—A. That would be partly the reason.

Q. Although it increased from 1921; it increased the year you went off? What I am getting at is this: you know I wanted the Government to run a line of your steamers from St. John to Cuba during the present season?—A. Yes.

Q. I have here a letter from the Department of Trade and Commerce, which investigated the whole thing. This letter says that after corresponding with different shippers, your own line included, they decided that they would not put on Government merchant vessels. I will read a couple of paragraphs out of this letter:—

> "Furness Withy & Co. state that they have had considerable expense and trouble in working up this business to a position which would be considered best suited to both the growers and exporters of potatoes, and with their experience they have no doubt but that they can handle this business quite as competently as under any other arrangement which might be suggested."

That is the Furness-Withy Company wishing you to lay off?—A. No, sir; I have no recollection of any such request.

Q. This might have been through the Department of Trade and Commerce? A. Does that letter say they asked us to?

Q. It is the Department of Trade and Commerce. I was wondering if you and they had been in conference over it?—A. No, sir.

Q. The second paragraph I will read runs in this way:

> "It does not seem necessary, therefore, at the present time, for the Government to subsidize vessels for the Cuban service when Furness-Withy & Co. are willing to put on as many vessels as may be required to carry the potatoes offering. While a regular weekly service would no doubt be an advantage, yet such a service could only be secured by a fairly large subsidy, and it does not appear that the benefits to be derived therefrom would warrant the expenditure of such a subsidy at present."

Why would the Canadian Government subsidize vessels when other vessels anxious for business could not make it pay?—A. I don't know.

Q. Can you not operate your vessels as cheaply as anybody else?—A. No, sir.

Q. Why?—A. On account of the capital cost, for one thing.

Q. Is your capital cost greater than that of any other ships?—A. Some other ships.

Q. Why should that be?—A. I suppose they were built when the costs were very high.

By Mr. Sales:

Q. The cost of operation, outside of capital cost, would not be greater?—A. As far as wages are concerned we are as low I think as any company, and as far as victualling is concerned, we are as low.

By Mr. Caldwell:

Q. And your operating costs should be as low?—A. Except that our steamers may burn more coal than the steamers of other companies.

Q. How many vessels have you that are suited to the potato trade?—A. We have five of the 3,900 ton type.

Q. What cargo capacity do they have; how many 180-pound bags would they carry?—A. About 18,000.

Q. You have nothing smaller than that?—A. No. The only one is the Canadian Sapper, which has a twin deck; but she is operating in the Newfoundland trade.

Q. What cargo is she handling?—A. General cargo, such as flour, produce and so on.

Q. Do you find these steamers profitable for general cargo?—A. It all depends upon the trade. we have four of those 3,900 type now in the trade in the British Indies and Demarara, and from Halifax in the winter and Montreal in the summer.

Q. They do not take in St. John any more?—A. Well, we never did on that trade.

Q. But you did on the Cuban trade for two winters?—A. Yes, when we were in the Cuban trade it was transferred to operate it from St. John.

Q. My point is this, if you only exported 510,000 bushels one year, and 500,000 odd bushels another winter, when you were operating all winter, last year we exported out of St. John 1,570,000 bushels?—A. Yes.

Q. And this year we exported 1,500,000 bushels, and you did not operate all winter?—A. Yes.

Q. It seems to me that the Canadian Government Merchant Marine operated while it was not profitable, but as soon as it became profitable, they withdrew their ships?—A. No, because it is not profitable at the rate being paid.

Q. That is interesting. The Furness-Withy Company are certainly very benevolent?—A. No, I should have said it was not profitable because if we carried potatoes at the rate being paid we would operate at a loss.

Q. You said your operating expenses were as low as they should be?—A. In some cases yes, but that reflects on the operating cost.

Q. That is another thing entirely. We want to get the operating cost, not the capital expenditures?—A. Included in the operating cost, you remember, is the question of insurance, and naturally the higher capital cost, the higher the insurance premium.

Q. Not the higher insurance rate. You pay the same rate for the amount of insurance you get?—A. Yes, but if one steamer is valued at one-half of what another steamer is valued at, naturally the insurance is less.

Q. Of course, that would be a very simple item?—A. No, sir.

Q. In your operating expenses?—A. We do not consider it small.

By Mr. Gardiner:

Q. Do you carry insurance rates according to the value of the steamers when they are built, or according to the value they could be built for today?—A. I cannot answer that, sir; have no knowledge of the insurance department.

By Mr. Sales:

Q. You have control, Mr. Cunningham, or rather under your management, of the ships running to England—the Old Country? What arrangements have you to secure cargo on the other side?—A. Homeward bound?

Q. Yes, westbound.—A. That is in the hands of our European manager, in London.

Q. And is there a north Atlantic rate westbound too?—A. Yes, sir.

Q. There is?—A. Yes.

Q. That meets over on the other side?—A. Yes.

Q. And you adhere to those rates too?—A. As far as I know, we do.

Q. Do you have any difficulty in securing a full cargo back?—A. Yes.

Q. You come back light?—A. Yes, with the exception of when we are carrying cargoes of coal, then we have a full cargo.

Q. What do you carry when you are short of cargo—water or sand?—A. The steamers constructed today have their water ballast.

Q. And you would rather come back carrying water than to break the north Atlantic rate?—A. It is not a question of that; it is a question of cargo not being available.

Q. Still, if you were lower than the tariff you would get the business?—A. No, sir, I would not say that.

Q. I think that is the experience of every business man.—A. No, I think the main reason why we get a very small amount of westbound cargo is that there is so little offering that shippers prefer to use the faster passenger boats,—our ships are not so fast.

Q. No attempt is being made to break the rate so as to secure a full load? —A. No attempt would be successful in securing a full load. If we offered to carry the traffic for nothing, I do not believe we would get a full load.

Q. And to what do you attribute that?—A. On account of the scarcity of the export business from the United Kingdom.

Q. Then it means that our wheat and cattle and package cargo must pay the journey both ways?—A. Until the conditions of the world change, so that there will be cargoes for the return voyage.

Q. I do not want to break into politics, but if we had no tariff between here and Great Britain you would get a full cargo, practically? There is nothing coming from England at the present time?—A. There is practically nothing.

Mr. SALES: Mr. Chairman, this north Atlantic conference operates on this side, on the other side, on the Gulf—.

Q. On the Pacific too, Mr. Cunningham?—A. I really do not know. We have no steamers running from the Pacific to the Panama Canal.

Q. You have them running to Australia?—A. Yes.

Q. You have them running to the Orient?—A. We have an odd steamer.

Q. Is there a Pacific conference too?—A. Yes.

Q. Issuing rates?—A. No.

Q. Are these all connected, one with the other?—A. No.

Q. Is there not a world-wide combine?—A. There is a world-wide condition, whereby every company operating steamships have operating arrangements. It is not a question as regards Canada; it is a world-wide condition. There is no question about that.

Q. I am inclined to think it is a world-wide combine.—A. Would you allow me to ask one question, Mr. Sales?

Q. Yes.—A. Is the letter you read from Mr. MacDonald going into the record?

Mr. SALES: No, it is not filed.

The WITNESS: Because I am not sure whether there is an intimation in that letter that the Canadian Government Merchant Marine have agreed to pay Mr. MacDonald 2½ per cent.

Mr. SALES: No, it states there are no owners of vessels in Montreal excepting the C.G.M.M.

The WITNESS: Yes, because I wanted to make it clear, if it were in the record, that as far as the Canadian Government Merchant Marine is concerned, we never agreed to pay over 1¼ per cent.

By Mr. Caldwell:

Q. You never paid more than that?—A. We paid once, but it was in error, and it was adjusted down to 1½ per cent. What I really wanted to emphasize is that as far as the Canadian Government Merchant Marine is concerned, we have never agreed to more than 1¼ per cent. We felt that was a fair remuneration, that was all we agreed to pay the brokers.

By Hon. Mr. Tolmie:

Q. Are you handling cattle to Great Britain?—A. No, I understand we will not be handling any.

Q. Handle some last year?—A. No, I guess, perhaps we carried three loads.

Q. Can you give us an idea of whether there will be ample space for cattle offerings?—A. No, I cannot say that; I do not know what cattle will be offering.

Q. Do you know what proportion of these cattle are American cattle, that will occupy space that leaves from Montreal or St. John?—A. No, I do not.

By Mr. Caldwell:

Q. Why have the Merchant Marine decided not to ship any cattle?—A. Because our steamers are not constructed suitably for the handling of cattle.

The CHAIRMAN: I have one or two questions to ask. I presume, Dr. Tolmie is through.

Hon. Mr. TOLMIE: Yes, thank you.

By the Chairman:

Q. How do your ships compare as regards earning capacity with the other lines running to Montreal?—A. In regard to space, you mean?

Q. I will put the question in another way. When rates are on a parity, apparently just making operating expenses and a fair return on the capital of, say, the C.P.R. boats or the Reford boats, or the White Star Dominion boats—if you were operating your vessels on a parity as regards rates with these vessels, could you make operating expenses and interest on your capital?—A. Well, I am afraid that would not be a possible situation, for the reason that our boats, being slow, do not get the proportion of the higher class of cargo that the other lines do. Perhaps it would be satisfactory to answer it in this way: that a cargo handled by the Canadian Government Merchant Marine boat, if handled by a similar steamer of another line, the returns would be just about the same.

By Mr. Caldwell:

Q. Do you tell us——A. I meant to say the losses would be about the same.

Q. (continuing)—that your freighters are slower—not so speedy—as ordinary freighters?—A. As a large number of steamers in the trans-Atlantic service.

Q. Including passenger boats?—A. Yes.

Q. As compared to other freighters, are your boats slower?—A. Some of them are slower than some of the others, and some are, I think, faster, than the other freighters. There is more or less of an average.

By the Chairman:

Q. In other words, Mr. Cunningham, are you in a position to lower rates below that charged by other lines without losing money for the people of Canada? —A. No, sir, we are not, because the rates to-day are not on a remunerative basis. That is, the returns for the cargo we are handling to-day.

Q. Your boats, are of such a sort, that you cannot cut rates, and at the same time operate them on a commercial basis?—A. Not on the classes of cargo we are carrying.

By Hon. Mr. Tolmie:

Q. Is it not a fact if they did attempt to cut rates you would have all the steamship lines attempting to cut your throat?—A. I do not know about my throat, but they would certainly follow in line.

By the Chairman:

Q. If you cannot cut rates without losing money, what is the use of your sitting on this conference, unless it is to maintain rates?—A. It is to maintain

rates as regards fairness of rates, keeping in touch with the situation and knowing what is going on. We want to give the shippers by our steamers the benefit of the best basis.

The CHAIRMAN: That is all. Thank you. I think we will keep these papers here, if you do not mind.

The WITNESS: Will they be returned to me in due course?

The CHAIRMAN: These really will form part of the records of our Committee. You say all of these minutes are sent out in duplicate, to every line, so when you want to look them up, perhaps you could ask Mr. Nicol or Mr. Curry to let you see their file.

Witness retired.

J. S. McLEAN, called and sworn.

By the Chairman:

Q. What is your full name, Mr. McLean?—A. James Stanley McLean.

Q. What is your business, sir?—A. I am secretary-treasurer of the Harris Abattoir Company.

Q. What do they do besides killing animals?—A. They conduct a general packing-house business.

Q. Your home is in Toronto?—A. Yes, sir.

Q. Now, sir, we have asked you to appear before us as a man familiar with the packing and chilled meat business. We are going to ask you first of all, if you can, to give us in your own words and without questioning, some thoughts on the business as it relates to agriculture and the profits which may be realized by farmers in the raising of cattle and other livestock for human consumption, and we would like to direct your attention to the difference of prices realized between heifers and steers, whether there is a justification for that; the prospects of the trade in chilled beef; what is necessary for its development, and the quality and finish of livestock; the cost of animals on the hoof; abattoir costs; what is the price relation or spread between the animal on the hoof and the dressed animal to the retailer; the prevailing price to retailers; the present situation with regard to shipping livestock from distant points to Toronto, and shipment of the meats back; or what developed this situation; is it economical; what effect on consumers. We do not want to limit you or to confine you in your presentation of your thoughts on this important matter, but I will just pass you this list in order that it may be perhaps some help to you, and if you would prefer to make the statement first we will take notes of what you are saying and ask questions afterwards, or if you prefer we will question as you go along?—A. In regard to the more general phases of the livestock industry, and the angle on the Canadian livestock industry that one gets from the point of view of a packing-house operator, I think possibly it would be to greater advantage if we would try and get the scale, by my giving you, as well as I am able to, a glimpse of the general problems, and after that I would be very glad to give you any information I am able to, on the more detailed problems of which you wish to ask. I would like to say that I am not very accustomed to speaking extemporarily, and that my dealing with the case will be less than adequate, but I will do the best I can. There is, in my judgment, no phase of the livestock industry that is a special pack-house phase. The livestock interests are bound up inseparately, of course, with the general—or the packing-house interests are bound up inseparably with the general livestock development of Canada, and there is no problem of the livestock industry which

is not a problem of the packing-house industry. The packing-house, as a matter of fact, is simply the clearing house for the livestock that is produced in Canada. The livestock industry, of course, could not be maintained or developed without a packing-house industry, and it goes without saying that the packing-house could not be developed without a livestock industry, and the function of the packing-house—and I think this a thing that does not get the attention or the reflection that it deserves—it is simply that of a clearing-house for livestock. The price that a packing-house pays for livestock of any kind at any time is determined by conditions which the packing-house does not control at all. It is determined by the price for the various products on the markets of the world. For instance, I might quote or illustrate that by the bacon industry. The price that is paid for hogs in Canada to-day is determined by two things: the price that is available in England for Wiltshire bacon, and the price that is available in Canada, that is being obtained in Canada for the domestic cuts. These are the two markets to which all the products of Canadian hogs go. The packing-houses have nothing to say about this price. This perhaps is less true of the Canadian price than of the British. In regard to the price that is obtainable for the Canadian Wiltshire bacon on the British market, the packing-houses in Canada have absolutely nothing to say at all. That price is determined by conditions which are not set by Canadian conditions because the Canadian product—the percentage of the total British consumption of bacon which comes from Canada is quite small. The point I am making there is simply this, that if the price in Great Britain were higher, the price—that higher prce—would be reflectd back here. If the price in Great Britain were lower, that lower price would similarly be reflected back here. The way that is reflected is quite simple. It is governed by the competition between packing-houses to secure hogs. If the price advances in England, all the packing-houses are anxious to get hogs, to take advantage of that higher price, and these conditions under which the product is marketed are through the instrument of the competition between packing-houses reflected back.

Now, in regard to the general outlook in the Canadian live stock industry, I recognize that from the packing house industry you are entitled to a view on that. My view is, if we may deal perhaps with cattle first—my view is that independently of all other considerations, Canada must start out from this starting point; Canada must have an export industry, an export cattle trade; agriculture cannot be kept sound without it. The number of cattle which Canada itself can consume internally is so small, relatively, to the number of cattle that Canada can produce, that Canada would have no industry, no cattle industry at all, if she catered only to her own requirements. Therefore, I take it as an axiom of the situation that Canada must have an export cattle industry. Besides that, the number of cattle, there is one other argument or point involved in that, namely, that if Canada produced only enough cattle for her own domestic requirements, her land would suffer and become unfertile, because it would not be adequately manured. Therefore the considerations of sound agriculture demand in Canada, as they have always demanded all over the rest of the world—.

By Mr. Sales:

Q. That will apply to Eastern Canada?—A. I should say—remember, I am not an expert on western conditions—but I would say that if it applied to other countries all over the world, it should apply to Western Canada.

Q. It will in time, but not yet.—A. I would say it does already. I have heard that question discussed many times, and I know there is a difference of

opinion. I know in different districts of Western Canada, where they have the deep black soil, they claim they do not need manure, but I do not understand why, because all crops must take fertility out of the soil, and it seems to me it must be good judgment to replace that.

Q. Yes, but if you are a practical farmer and you did that and had a crop laying down that you could not cut, you would see the futility of applying manure.—A. Yes. I do not want to be too dogmatic on that, but the percentage of land in the West in which the fertilizing, the manure, would produce too heavy a crop must, I think, be quite small. There must, I think, be a very large area in the West where, from the beginning, it would be profitable to manure. However, you know better than I do about that, Mr. Sales.

The CHAIRMAN: Gentlemen, you see we have been led off on an interesting question of that kind, but let us hear the witness on his statement, make notes of what we want to discuss afterwards, and then take it up, because we will be going in a zig-zag direction all the time.

Mr. SALES: That is right; I apologize.

The WITNESS: If we may start from that basis, I take it as axiomatic in the consideration of this problem that Canada must produce a surplus of cattle. This surplus, then, must be marketed somewhere. If we have an export trade, if we have a surplus, it means that it has to be shipped to another country.

The witness retired.

The Committee adjourned until 3.30 p.m. March 21, 1923.

Afternoon Session

HOUSE OF COMMONS,
COMMITTEE ROOM No. 268,
Wednesday, March 21, 1923.

The Special Committee appointed to inquire into agricultural conditions throughout Canada met at 3.30 p.m., Mr. A. R. McMaster in the chair.

J. S. McLEAN recalled.

The WITNESS: Shall I go on, Mr. Chairman?

The CHAIRMAN: Yes, if you please.

The WITNESS: If that sketch of the situation is correct, then the great problem in the cattle industry in Canada is to find export markets for the surplus. Now, the natural country to absorb the surplus of cattle from Canada is, of course, the United States. I say of course because they are our nearest neighbour, and because they are a highly industrialized country, in which there is a population of 120,000,000 people, and in which their consumption has already overtaken their cattle production. So that the United States, I will say, is the natural, the first natural market for the surplus cattle of Canada, and a proof of that lies in the fact that Canada has suffered so severely from the recent tariff legislation that has been enacted in the United States. You will recall that the emergency tariff was passed in 1921, I think it was in June, although I do not remember the dates, and the final, or the revised, tariff was passed in the following year, the fall of 1922. The emergency tariff placed a duty of 30 per cent on live cattle and two cents a pound on dressed meat, and the final tariff revised that upwards—I do not just recall the details of the duty on live cattle, but the duty on dressed meat entering the United States

is now three cents per pound. That, in the main, has been the cause of the depression in the cattle industry in Canada within the last two years. It is not the only cause, of course. Cattle, during the war and following the war, had got on to such a high level that there was bound to be deflation in the cattle industry, just as there was in every industry, but that deflation would have worked itself out and conditions would have resumed or become normal in the cattle industry, except for this great misfortune of the United States tariff. I suppose you gentlemen have all considered just what the effect on the United States tariff was on the Canadian cattle industry. If you have not, it can be sketched in a moment. For a period of ten years, since 1913, when the previous tariff—I do not remember the name of the tariff—

The CHAIRMAN: I think it was the Underwood Tariff, it was the tariff that went into effect after the Woodrow Wilson administration came in.

The WITNESS: Yes, that is it. Since the passing of the Underwood Tariff, all the surplus cattle, practically, of Canada had gone to the United States—the surplus live cattle, at any rate. During that period, of course, the war had intervened, and during three years of the war, Canada shipped quite large quantities of frozen beef to Europe, for use by the armies but all the live cattle that had been exported from Canada had gone to the United States, without exception. Now, the figures were approximately these: Canada markets annually about 1,000,000 cattle, and during the five or six years preceding 1922 —

By the Chairman:

Q. When you say "markets," that is both at home and abroad?—A. Yes; they come to the markets of Canada. The number of cattle marketed, or that were brought to the various markets of Canada, are recorded, and I am speaking of the cattle that come for sale to the various markets of Canada. If you are interested in having these market figures, I can send them to you for a number of years. Canada markets annually about 1,000,000 cattle. During the five years preceding 1922, there have gone to the United States an average of 200,000 cattle, and they had entered the United States without duty. Now, this duty of 30 per cent was placed on these cattle, and it does not need proving, I think, that the effect of that duty was to take 30 per cent off the value of all the cattle shipped from Canada to the United States. These cattle came on the market and had to go to another market, and the other market was that of the United States, and they got the United States price less 30 per cent which was the duty.

By the Chairman:

Q. That is to say, your idea is that the whole of the United States duty was paid by the Canadian exporter and none by the American importer?—A. Roughly, I would say so, and I will enlarge on that in a few moments. I might take that point up now. The reason for that is this, that there are marketed in the United States about 20,000,000 cattle annually, so that this 200,000 cattle that go from Canada—.

By Mr. McKay:

Q. That is their own local market?—A. Yes, to the markets of the United States, there come annually about 20,000,000 cattle for sale, and these 20,000,000 cattle are consumed in the United States. Now, this 200,000 cattle that come from Canada to the United States markets form just one per cent of the total you will see, of the cattle that are marketed in the United States, so the effect of increasing the price, if it were increased, of the 200,000 cattle, would be an infinitesimal one, insofar as it would affect the price of the United States cattle, and my opinion would be that while there may be some effect which you could

not calculate, it is fair to say, in the main, that the whole of that 30 per cent was paid by the exporters in Canada, in respect of the cattle exported from Canada to the United States.

It seems to me that the first item of policy in regard to the cattle industry of Canada, should be to secure, if possible, free admission into the United States. I think everybody who has considered this topic will agree with that. No matter what views may be held in regard to the tariff generally, and how a general tariff may affect industry and the development of this country, I do not think anybody will disagree with that, that it is a great advantage to the cattle industry of this cattle of this country to have free access to the United States markets. Now, in connection with that, it is worth looking into, the facts which I have just cited. Is this American tariff of any value to American cattle raisers? There is no question that it was passed by the United States Congress at the instance of American cattle raisers who believed it would be a benefit to them. Is it? The facts I have just cited are the only ones that seem to me material, that the cattle that would come from Canada in any case amount to roughly one per cent, but suppose it were two per cent, suppose under free conditions the number increased, although actually in five years it amounted to about one per cent of the cattle marketed in the United States. I do not think that anybody can seriously maintain that the shutting out, the excluding of one per cent of the cattle, would materially advance the price which would be received by the cattle raisers of the United States. So the effect of that American tariff, it seems to me, has been, then, that it has taken roughly 30 per cent off the value of the Canadian cattle that have gone to the United States, and it has given no corresponding advantage to the American cattle raisers. An advantage there may be, and undoubtedly there is some, but it is so infinitesimal that it cannot be calculated in cents per hundred pounds. I think, if that situation were clearly understood by the cattle raisers of the United States, if they realized that they were not producing enough for the home consumption of the United States, and that the number of cattle which would be likely to come from Canada was not sufficient to materially affect their prices, I think the insistence of American cattle producers, on that protection, on that tariff, would be less strenuous than it has been.

By Mr. Monroe:

Q. What effect do you think it might have on the future stock raising in the United States, if this tariff were wiped out; is it not altogether likely that the Canadian producers would go into the exporting of cattle into the United States, to a much greater extent?—A. I think so; we had access to the United States markets for ten years, you will remember, and during that same time we had the tremendous stimulus that came from the high war prices, and still, there was no tremendous advance in the production of cattle in Canada, so there would be no effect that would bulk large after consideration of the facts. I think it would be, it would naturally be a stimulus to cattle production in Canada, and it would have this effect, but it would not have any effect which would be a source of danger to the American cattle producer. That would be my estimate of the situation.

Now, the effect at the present time, of course, is that we are shut out to this extent by the American tariff from the United States market, and our immediate problem is, what other markets are there in the world for the surplus of Canadian cattle, and in reviewing the world conditions, there is only one possible market, as far as we can see which counts, and that is Great Britain. Now, we have, during the past two years, particularly since the passing of this American tariff, been shipping some cattle to Great Britain, and the shipments will

probably be increased as the result of the removal of the embargo, because that will permit the introduction to Great Britain of a different type of cattle and under different conditions. They will, as you know, be able to hold these feeder cattle that are brought in there.

Mr. HAMMELL: Might I ask a question?

The CHAIRMAN: We had thought of allowing Mr. McLean to finish his statement and then question him afterwards. I was going to break in and then made a note on my paper, so I think we will allow him to finish. You were talking about the market, and the removal of the embargo.

The WITNESS: Yes. The effect of the removal of the embargo would be to enlarge the outlet for Canadian cattle in Great Britain to some extent. It is not at all clear yet what the extent will be. Under the regulations, cattle will be admitted on and after April 1, and there are already two shipments of cattle on the ocean or sailing this week for Britain. I think you would be interested in this, which has been quite apparent on the Toronto market within the last week. There come to the market in Toronto, at this season of the year, sometimes rather less than enough cattle for the Canadian trade, sometimes rather more. Now, if we may say that 4,000 cattle a week is the number of cattle that the Canadian trade would normally absorb, and if there came 5,000 in a week, then the Canadian trade, if it had no outlet for that extra 1,000 cattle, would be depressed by having to absorb that extra 1,000 cattle; that is clear. It is not necessary that an outlet, in such a season as this, in the spring of the year, when cattle are relatively scarce, it is not necessary that an outlet should be a very broad outlet, in order to merely relieve the Canadian situation and maintain prices. It has just happened within the last week that there were bought on the Toronto market, I think, about 1,000 cattle, perhaps less, for export to England. These cattle just took the surplus and a little more than the surplus, over and above the home, the domestic demand, and kept the market strong, whereas if that outlet for these 1,000 cattle had not existed, the market would have been extremely weak. That is a thing that only an operator, perhaps, realizes, and that many of them do not realize, that often a very small outlet has a very important effect on the market prices. You see, in the fall of the year, when cattle are running freely and when there are ten thousand cattle a week coming to the market, an outlet for 1,000 cattle would have practically no effect at all. In the fall, when your cattle are running, when the flush of production is on the market, you need a broader outlet, but at other times, a comparatively narrow outlet is an extremely useful thing in maintaining the stability of the prices. In that connection, I would like to say that the interest of the packer in such a situation is very generally misunderstood. This is parenthetical, and has nothing to do with the broad case. It is taken for granted, frequently, and not unnaturally, perhaps, that the packer all the time wants cheap cattle. He does not want anything of the kind; the packer wants—not dear cattle—but cattle at a reasonable price. It is much better for his business that cattle should be seven cents a pound than four cents. When cattle, as they did during the war, get up to 15 cents a pound, he is operating under very perilous conditions, but it is much more in the interest of the packer to have the prices fair, as it is just because his interests are mutual with the interests of everybody in the trade, and it is much more in the interests of the packer that prices should be maintained on a level which gives a profit to the cattle producer, and it is for that reason and because of that interest that I have mentioned the importance of this small outlet for cattle to Great Britain within the last week. Now, when it comes to the fall, Canada has a very much larger surplus of cattle to dispose of. The British embargo, or the British market, then, for feeders, will still be important, but I doubt if the British market—and this is just conjecture—I

doubt if the British market will afford an outlet for the cattle, for the surplus cattle, which Canada will have. However, to come back to the more traditional lines of the export trade with Great Britain, as you are aware Canada formerly had a large export trade with Great Britain, she shipped live cattle there in quite large quantities from the years 1890 to roughly 1912. That business was always a more or less speculative business, but that was an extremely useful outlet for these cattle; we had no other market for them, because at that time the United States was not an importing but an exporting cattle country, and we had not then the market in the United States. Now, if the situation in the United States does not change, and we still have to find an outlet elsewhere than the United States, it becomes important for us to study the British situation, and to see what field exists there for our surplus Canadian cattle. That market is very different from the United States. The United States market is a tremendously broad one, and we have access to these markets at various points. From Winnipeg we can ship to St. Paul or Chicago, or from Toronto we can ship to Buffalo or New York, and the United States has always been willing to take any kind of cattle that we had as a surplus at a price. For the inferior grades of cattle the prices have never been high, but they have been willing to take anything. Great Britain is entirely different. Great Britain will only take cattle of the best quality, and she will only take them on her own terms. If we propose to establish a permanent market in Great Britain for surplus Canadian cattle, we must do business on the Britisher's terms. As far as live cattle are concerned, he is more or less willing to take these at any time of the year we have them, and he will pay us whatever they are worth on the markets of Great Britain, but if, instead of the live cattle industry or live cattle shipments, we consider shipments of dressed beef, then we come in contact with new problems altogether. The dressed beef trade of Great Britain is established after many years of experience, and has taken steady lines. Great Britain imports dressed beef now from one country, and almost one country only, namely, South America. The beef that comes from South America formerly came frozen but during the last 15 years that trade has gradually swung over until all the beef that is imported from South America now comes chilled and not frozen, chilled; is held in a temperature of about 32 degrees, just at the freezing point and it arrives on the British market just chilled so that it can be easily canned and put in the shops. The frozen beef is chilled right through and has to go into a different kind of shop altogether. Great Britain now imports a large quantity of South American beef. I have not the figures but they are easily available. That sells at the present time lower than the home killed beef. British beef traders are in a different class, those handling import beef and home killed beef and for the home killed beef a much higher price is paid. I should say the average price for the home killed is 9 pence halfpenny a pound and the import price of South American beef is about 4 pence halfpenny a pound, a difference of 5 pence a pound or 10 cents in our money.

By Mr. Sales:

Q. What is the difference between chilled and frozen beef?—A. There would not be a difference of a halfpenny or a penny a pound.

By Mr. Hammell:

Q. Lower?—A. The frozen beef would be lower. The problem of the Canadian who ships chilled beef to England is this. I speak with some knowledge of this, because the Harris Abattoir made some shipments consisting of over a million pounds. We did that because live cattle was being sold to Great Britain and the beef sold in Great Britain at prices which should attain us a handsome profit if we had got these prices for the chilled beef and we saw no reason why

beef slaughtered in Canada should not be sold for approximately the same price as the beef from similar cattle, which were taken over alive and slaughtered in England, but when we got there with our chilled beef we found the English butcher wanted to buy at apparently the same price as imported beef. He sought to buy all imported beef at the imported price. As a matter of fact he did not. He always paid us a premium because he recognized the beef was superior in quality, but we had an argument all the time and there was a continual fight with the British buyer to get more for that imported beef, whereas we maintained we should get the same price as the beef from our cattle were bringing as if they were slaughtered in England. Chilled beef from Canada can be delivered in Liverpool within two weeks from the date of slaughtering in Toronto. Now it is the opinion of Canadian butchers that that beef would not only be as good but better for having been held in their refrigerators under controlled temperature for two weeks. According to Canadian standards that would be just right for cutting at the end of two weeks. However, this argument went on as to what the price should be, and as a matter of fact we gradually forced up the price to a penny and a penny and a half and finally two pence a pound over the price paid for American imported beef. We have confidence if we could conform to the necessary conditions we could get a price that was measurably close to the value of Canadian beef slaughtered in England, and if we could it would be a profitable trade. At the present time it is not possible, and the reason is the English butcher wants to buy his beef week in and week out from the same stores. He does not want to buy Canadian beef for two or three months in the year and go without it for ten months and the next year buy Canadian beef again. Canada at the present time has not the cattle to give Great Britain beef fifty-two weeks in the year. Moreover, Canada's quality of cattle is below the standard demanded by the British consumer. The Canadian cattle raiser does not produce enough cattle and market them evenly, and the average cattle he produces is below the standard, if he is ever going to establish a place for himself on the British market. The point came up: would it be profitable for Canada to enter upon such a programme? My conviction in regard to that is that most decidedly it would not. It seems to me the great loss to the large Canadian producer, as far as the present time is concerned is that he markets 70 per cent of his cattle in three months in the fall. From September until the middle of December cattle are dumped in every market, from Edmonton, Calgary, Moose Jaw, Toronto to Montreal, and cattle is dumped into the markets in such number that the trade cannot possibly consume that. The average cattle dumped during that time is very low in regard to quality. If these changes were made in Canada's cattle policy and if home cattle were bred up, if the policy was carried out, I mean cattle being marketed evenly over the year, it would enable Canada to ship hers on any market to which she had access, which would relieve the farmer of the loss which he must inevitably take from the dumping of the cattle in the fall. It would promote a great cattle fattening industry to the United States which we have not got at the present time. The outstanding industry of the cattle trade in the United States is the fattening industry. Through all the districts the farmers go to the markets in St. Paul, Chicago, Sioux City, Omaha, and Kansas City to buy feeders. Half of the market in the United States are feeders, and they are bought by the farmers who take them back and put them into the feed lots and market them from the months of February to July. In Western Canada we have no such industry at all. In Ontario we have a cattle finishing industry, and we have had it for many years, and farmers in Ontario—the districts that are the most thriving, and still to-day are the districts that have feed cattle year

in and year out, for forty years. But in the West, whatever the reason is I don't know, but they have not that condition.

By the Chairman:

Q. I suppose the stock of men that live in those places has something to do with it?—A. They were men, Britishers and Germans. They were men who had been accustomed to those ideas, but in the West there never has been established, there hardly has begun a great cattle finishing industry and I am convinced that the future cattle industry in the West can never be achieved unless with that supplement to the present activity. We have marketed every Fall, throughout Alberta and Manitoba, thousands and scores of thousands, perhaps hundreds of the very best type of feeding steers. The average breed is not bad but that can be improved, but they have been in the open air since the time they were born and they are thrifty, with strong constitutions and these cattle are the feeders that the cattle buyer in the middle western states will buy above all others on account of the fact of their inherent ruggedness, and they travel year after year from Manitoba, Winnipeg to the market of St. Paul and Chicago, distributing feeders there. I am not expressing my own view in this.

Q. It is your view as well as that of others?—A. I believe that more fundamentally than I believe anything in regard to Canadian problems in the cattle industry, that more than anything else is the solution, the establishing of a feeding industry and the improving of our farms in regard to breeding. This is not only the view of persons like myself but it is also the view of the men who are engaged in Ontario raising and breeding, in Western Canada. A few months ago I attended a meeting of the Live Stock Union of Western Canada and the burden of every statement that was made was that very same thing; the penalty Western farmers suffered from dumping their cattle on the market in the Fall and from failing to use their own markets, to finish their own cattle and market them during the sparser season between January and July—in my judgment, Mr. Chairman, those are the broad outlines that must be the base of any broad national policy in regard to the cattle industry. We have to accept at the beginning that the cattle industry can only be a thriving one if we greatly increase our production. If we are going to develop export markets we must conform to the different export demands, and I think a great deal can be done by the proper governmental methods in securing access again to the United States market. Still even if we continue to be excluded from United States market I am satisfied we can develop a profitable outlet for our surplus beef in Great Britain.

By Mr. Hammell:

Q. Some time ago this gentleman told us that the duty on dressed meats going into the United States was 3 cents per pound. Is there any difference in the dressed meats? Beef, pork or mutton?—A. I think there is a slight difference. The beef I know is 3 cents and mutton 3 cents. Whether there is a difference in pork I don't know.

Q. You also told us that approximately two hundred thousand cattle were exported to the United States when that market was open to us?—A. Yes.

Q. Would it be fair to assume that that would be the amount of cattle that would be available for export to Great Britain after the 1st of April, when the embargo is taken off?—A. The majority of this cattle Great Britain would not take at any price.

Q. Have you any idea of the amount of cattle that would be offered for export to Great Britain?—A. No, sir, I have not. When the first shipments have gone—it is much too early to form any judgment. It is so long since we have been in that market it is much too early to form any judgment as to what

kind of cattle the British feeder wants from us and how many he will take. Yet I don't think anybody would venture an estimate as to the number of cattle Great Britain will take.

Q. I believe some witness suggested some days ago that approximately two hundred thousand cattle would be offered this summer?—A. Yes.

By Mr. McKay:

Q. To what extent do the United States export cattle to the British market? —A. None. They have not since the war. They ship no beef there.

Q. Are they largely importers?—A. They have always taken any cattle that Canada shipped there but they don't import from other countries, except to a small extent, from South America.

Q. Speaking of the fattening industry, has climate anything to do as a deterrent effect?—A. This cattle sold in the fall.

Q. Is that for fattening?—A. Yes.

Q. Are they pastured or inside?—A. For the most part I think they are fed in the open.

Q. That would be a disability in this climate.—A. No, I don't think so.

Q. Would there not be disability in Ontario and in the West in shipping our live cattle even from the month of January to the month of July?—A. Throughout the whole year, shipping live stock.

Q. During those intensely cold months, January, February and March?— A. Do you mean exporting live cattle.

Q. Exporting live cattle?—A. That would be a minor consideration but that has been done always. It is not a consideration of the first importance, but my opinion is, that if a permanent trade were ultimately established it would be in chilled beef rather than in live cattle.

Q. You spoke about sending chilled beef to the British market at certain points. After you land your meat there do you distribute your own meat?—A. No. According to the British phrase, we pitch it on the market. It is sold by commission firms.

By Mr. Sales:

Q. If it were permanent you would have better facilities?—A. Yes.

Q. You suggested that seventy to seventy-five per cent was marketed in three months. How do you take care of the surplus, so as to have an even distribution of beef? Does it go into cold storage?—A. I often wonder how we do. Of this 70 per cent of the cattle that are exported, going out, this two hundred thousand cattle, even still with the American duty, we have large numbers going to the United States. I don't know what the numbers were last fall but large numbers do go. Then there is a relatively small quantity of beef frozen for the lumber trade and the camp trade of various kinds, but in the main the price is cheap and it just goes into consumption. If you look up the advertisements of firms that advertise meats, you will find that retail prices during those three months are very much lower than at any other period of the year and that is the way the stuff gets consumed and they reduce the price.

Q. Consumption is heavy during those three months?—A. Yes.

By Mr. Caldwell:

Q. I suppose a good deal of that is put in cold storage for the warm months. —A. That trade is simply in this country. It is difficult to sell frozen beef to the retail trade in Canada. The lumber and mining camps and various outlying industries, such as that, take a certain amount of frozen beef but the total frozen beef trade in Canada is not liked. There is one quite important outlet for exporting these bundles of beef, lower grades of cows, to canners and cutters. They are shipped sometimes to Great Britain and sometimes to the continent.

By Mr. Sales:

Q. Are not bundles of beef used in Canada. Is not canned American beef shipped to Argentine and Canada?—A. There is a certain amount. I do not know how much. It is quite small.

Q. Is there any need of that?—A. I have never been in that canned trade.

By Mr. Milne:

Q. You do not deal in it?—A. No.

Q. Are there any tinned beef factories in Canada?—A. There is one large factory in Montreal, William Clark. I don't think his business is so much in canned meats as in pork and beans. I think his chief line is pork and beans. There is a certain chilled beef trade but not much.

By Mr. Sales:

Q. But this beef trade with South America and Canada—A. The reason it is asked for was that it was worth more. That does not mean the cattle are better bred. They are not so well bred.

By the Chairman:

Q. The Argentine are better bred cattle than we have?—A. Yes. For 40 years they bought the pick of the pure-bred bulls of the world, which means Great Britain. Their cattle are better bred than ours. These cattle live on one food only, namely alfalfa and they live on a range and become as range cattle do rather sinewy. They come to be fat when they are slaughtered but the beef is not the same quality as the Canadian cattle. They are finished with a corn ration. There is no comparison in the inherent quality of range beef and beef which is finished on grain.

By Mr. Sales:

Q. Which do you mean? Grain or corn?—A. I mean grain, not corn, in the American sense.

By the Chairman:

Q. Corn in the British sense?—A. Corn includes oats and barley.

Q. This is necessary to put the bloom on the beefsteak, I understand?—A. To give it the quality and refine it. Even one who is not an expert can tell the difference between the two classes of meat.

By Mr. McKay:

Q. "Bloom" is an English expression?—A. No, we have bloom here.

By Mr. Elliott:

Q. I would like to know what effect the British prices, on the British market for chilled beef has in fixing the price on the home market to the consumer or to the retailer?—A. None at all. There is no British chilled beef trade.

Q. The prices of the carcass then in the Old Country?—A. You mean the export trade?

Q. Yes.—A. It just happens that this has a very important effect because the situation at the moment is such that Great Britain is willing to take at a price, which nets back about 7½ to 8 cents f.o.b. Toronto, for the cattle of the class that are shipped there. Great Britain takes those cattle and the surplus cattle that otherwise would have to go into consumption are taken off our market for export trade at 7½ to 8 cents a pound and that just maintains our local price here. Butcher cattle are selling in Ontario from 3½ to 6 and 7 cents a pound.

Q. No fixing of price for the home trade. How do you arrive at that?

By Mr. Sales:

Q. Would you let us get to that a little later. Let us get the chilled trade, if you don't mind. I would like to ask Mr. McLean a few more questions about the chilled business. It is your idea if we could have a continuous supply we could create a market there for chilled beef?—A. I think so.

Q. In order to create the permanent trade, better breed and continual supply is necessary. From a western point of view could these animals be slaughtered at Winnipeg and be successfully carried by refrigerator and still landed in England as chilled beef.—A. I think so.

Q. It would not be necessary to stop the train at chilling stations at all?—A. If it was it would be only for a few minutes, just to re-ice. In the past beef has been shipped from Omaha and Kansas City, exported through to Great Britain through a much warmer climate.

Q. With a larger supply from Canada the price in England should decrease more than in normal times?—A. I should say that is likely.

Q. So that instead of ninepence halfpenny a pound it is going down to what? —A. Oh don't ask me. Three years ago, after the war, I thought cattle prices in Canada would remain high because it would take so long for the cattle to be replenished and the hog prices would be low because anybody can start into it and they can be reproduced so rapidly. Whenever I attempt to make a prophecy I am mostly wrong.

Q. In normal times sixpence would be a good price for chilled beef?—A. Well I cannot answer that. I don't know. It was when I was in the business anyway. That was the last, 12 cents a pound to the butcher, and that is a fair price.

Q. What I want to get at is this; is there any hope before we recommend—because you understand this business means a change in our farming methods and we will have to go into the cutting of wild hay on speculators' land and we don't want our people to do this. Before we advise our people to do this we should be sure it is going to be a profitable business.—A. I quite realize I don't think it is necessary to attempt to look so far into the future. Every farmer in Western Canada, who has feed cattle this year, and who had feed cattle last year has made money on it and there will not be such sudden revolution that the cattle will not find an outlet somewhere. I think the proper idea is to market your cattle when they are relatively scarce. The farmer does not need to assure himself that in 10 or 15 years he will have a market for Great Britain or somewhere else. It is too far ahead but he can be easily assured that next year and the years after that if he feeds cattle through the winter he will make money out of it, so that industry will pay.

Q. What is the cost, taking the live animal at Winnipeg, would you say six and a half cents?—A. No, they are not worth that. You are talking of this year's cattle?

Q. Yes.—A. Some cattle around Brandon sold at 7 cents, but I should think that for the best cattle going to Winnipeg from 5½ to 6 cents would be the best price at Winnipeg.

Q. Take the cost of transportation by chilled service, what does that mean to chilled beef in England?—A. I should think about four cents a pound dressed weight.

Q. That is, the cost of transportation?—A. The cost of slaughtering, transportation and selling, from Toronto it would be about three and a half cents.

Q. And six-tenths would be about how much?—A. It is a long time since I have figured cattle costs, but I would say about ten cents.

Q. With ten cents for transportation?—A. Yes.

Q. That would be 14 cents?—A. Yes.

Q. Can you make it 14?—A. I think probably the western cargoes would sell for 14 cents on the British market at the present time. We have not got any established place; that is the reason we lost money on our own shipments. We sent 17 week after week, but we had no customers, and every time we had the same fight; they said to us, "This is imported beef, and we want to buy it at the imported beef price."

Q. You made a remark earlier in your testimony that in ten years no great increase in cattle in Canada had taken place?—A. I am not sure that I put it just that way.

Q. Perhaps you meant that in ten years, with a free market to the United States, and during the ten years during which higher prices prevailed, there was no appreciable increase in Canada?—A. I said there was no increase such as would threaten the United States cattle producers. There was some increase in cattle production in Canada, due to the stimulus of high prices during the war and the outlet to the United States, but it was not very great. I have not got the figures in mind. I think the explanation was that the western farmer was making money out of wheat and was not bothering with cattle.

Q. A small surplus had an effect, a very small outlet, the outlet from those thousand cattle would have an effect upon the Toronto market?—A. Yes.

Q. It does not need very much of an increase to have an effect?—A. That is quite right.

Q. You regard it as a sort of safety valve, an outlet?—A. It does not make very much difference how small it is, so long as it will absorb whatever surplus there is.

By Hon. J. E. Sinclair:

Q. The American market is protected by thirty per cent?—A. Yes.

Q. How does the price of their cattle compare with the price of cattle here?—A. Well, it was higher; it was higher by the amount of the duty.

Q. Since the thirty per cent tariff came in, what effect has it had upon the price of meat in the United States?—A. One cannot be to optimistic upon that point. The price of cattle and beef in the United States may have gone up, and still the tariff may have had nothing to do with it.

Q. Would you not think the tariff had something to do with it?—A. Very little.

Q. I beg your pardon?—A. Very little, and for this reason, that if the United States were depending for large quantities, that is, depending upon the outside world for large quantities of imported beef, the tariff would have a larger effect, but as a matter of fact the United States imports large quantities of foreign meats only relatively, and for that reason the tariff has little or no effect.

Q. If there was an increase in the tariff there would be a decrease in the United States?—A. I think so.

By Mr. Elliott:

Q. In view of the fact that in shipping store cattle to Great Britain (I am calling our export cattle stores) where we have the possibility of eight or nine different markets throughout the British Empire, do you think that under present conditions the chilled meat trade will develop to any great extent?—A. No, I do not think there is any likelihood of the chilled meat trade developing until there is a prospect of somebody making a profit out of it.

Q. Isn't that rather remote, in view of the conditions under which our cattle are sold in Great Britain?—A. It would not be remote if we could send regular shipments over there, because it would be worth while taking the initial losses for any firm to establish itself over there in the chilled meat trade; the difficulty

is that after a firm would have taken its initial losses, under existing conditions the firm would not be established. The live stock trade can be carried on under difficult conditions; they are willing to take such surplus as they can get, because our farmers are willing to take and feed the cattle, and those cattle because of their intrinsic merit command higher prices, which is the reward of home-bred beef.

Q. Do you not think that that would be an important factor in developing the live stock trade?—A. It is a factor we have always had.

Q. A shipment of cattle is sent to the British markets; it is taken up by the Scottish feeders, turned out for two or three months, it is then returned to the markets and will kill equal to the Scottish beef?—A. The fact that we have access to these feeders, that the cattle can be taken in and fed, will be a factor in developing a large live export trade, because heretofore cattle shipped live to Great Britain had to be killed immediately, while now they have a double outlet. If they have a suitable market for slaughtering, they can be slaughtered immediately, and many of them now going over are suitable for immediate slaughter, and if they are not they can go into feeding quarters and come back when conditions are better.

The CHAIRMAN: Are there any other questions any member of the Committee wishes to ask?

By Mr. Caldwell:

Q. What is the saving in freight by shipping chilled cargoes as compared with the live animal?—A. It is quite considerable; I do not tknow what it is at the present time, but when we made these shipments it was about $15 per head.

By Mr. Sales:

Q. Of a difference?—A. Yes.

Q. I have it 44 from Winnipeg for a 1,200-pound steer, dressing at 720 pounds of dressed beef, and giving a saving of $15.20.—A. That is about it. I said about $15 per head.

By Mr. Caldwell:

Q. Would that offset your loss in the price of the chilled beef?—A. If we could have got within $15 per head for all the cattle in those cargoes, we would have been all right.

Q. You could not even do that?—A. No.

The CHAIRMAN: Now, gentlemen, we have devoted a great deal of attention to the steer. Let us turn to the hog now, but before we get to that let me ask these general questions.

Q. Is there any real competition between the packers, when they are in the market to buy what the farmer has to sell?—A. You had better ask someone else that question, sir.

Q. Well, you have a frank countenance.—A. I will tell you the truth, sir.

Q. That is what we expect you to do; that is supposed to go without saying, especially when a gentleman is under oath.—A. Unless you are different to the ordinary audience, as you want it, the facts are that the competition in the packing industry to buy live stock is keener I think than the competition that obtains in any other industry heretofore in Canada. That is what the packing industry is suffering from at the present time. I do not need to tell you that they are suffering, because all you have to do is to read the papers. There are too many plants for the amount of live stock, and the competition for live stock is very keen.

By Mr. Sales:

Q. Is it just as keen to-day?—A. Yes, it is just as keen to-day.

Q. I am told by butchers that you gentlemen do not meet on Tuesday, but that you meet on Sunday, and that the price changes on Monday morning, and that it is uniform from all the packing industries. Is that true?—A. No. I do not know what you talking about.

Q. You are not a man who attends Sunday meetings?—A. No, sir. The competition is so keen that it is gradually making the conditions extremely bad in the packing houses, and for that reason our ultimate relief is in greater quantities of live stock; that is the solution of our problems, the same as it is the solution of the farmer's problems, and of Canada's problems.

By the Chairman:

Q. You made a statement which has redounded greatly to the honour of the packers in Canada when you stated that their attitude was a desire that the producers should get a fair and stable price for their products, in order that such stable price might ensure a stable supply in the future?—A. Exactly.

Q. That appeals to me as a very reasonable outlook. Has that been the attitude of the packers for years past?—A. I think so. There has been a great deal of misunderstanding between the packers and the farmers. I do not know that it is a thing that is easy to go over and debate, but it has been going on a long time, and in some cases the criticisms were wrong on both sides. The attitude of criticism between partners never produces good results, anyway. While I do not know all the faults in times past, I do know that the packers paid low prices to the farmers. But the packers have nothing to do with the prices, absolutely nothing.

Q. The contest between the buyer and the seller in the market sets the price?—A. That is it, and there must always be a contest between the buyer and the seller. What I am saying absolutely stands alongside of this other fact, that every load of cattle we buy as low as we can. We send our buyer out, and he tries to save five or ten cents per hundred pounds on his purchases. But that does not at all conflict with the other statement I made, that we like to see the prices of products yield a fair profit to the man who raises them. What we need above all things is an outlet.

By Mr. Elliott:

Q. On the markets of Toronto there is a great variation one week with another as to prices of meat, yet we find in the butcher shops, the retail shops, the price of that product is fairly constant?—A. Yes.

Q. Have you any comment to make upon that situation?—A. Yes. That is what one I think would expect. The price the packer pays on the market is determined by the number of cattle that are on the market. For instance, I was taking cattle to Toronto just before I came here. We have 500 there to-day. We have a short run there this week. The packers have an outlet for more beef than they can get; the market is up from 20 to 40 cents per hundred, or from $20 to $40 a bullock.

Q. But it goes up a certain amount in a week, and the next week the price varies; one would hardly expect that, would he?—A. Well, the retailer in the main sets the price. The prices follow the broad movements rather than the daily movements, in the retail trade.

Q. I notice this also; if there is an apparent scarcity of beef, the price goes up in 24 hours, as far as the retailers are concerned; they boost their prices right up, but if there is surplus they do not bring their prices down for months and

months?—A. I think every man in business gets all he can. That is the dominating rule in business.

By Mr. Sales:

Q. I think that is a truthful statement?—A. I am not an expert in the prices of the retail trade. I have not given it the same study, but I do not think you are getting anywhere if you blame a man for taking a higher price than he should, because every man gets as much as he can. When we are selling beef we get the last penny we can for it.

By Mr. Elliott:

Q. Your products have a fairly constant price?—A. Yes.

By Hon. Mr. Sinclair:

Q. You have gone fully into the cattle business; will you now go into hog production?—A. I am glad to have an opportunity of speaking to you of the hog industry, because the hog industry is facing at the present time a somewhat acute problem. We already have in the hog industry what we have not got in the cattle industry—we have an export meat trade. Canadian hogs, the bacon type of hogs have as a market for export Great Britain. There is a great difference between the type of hog that is demanded and consumed in Great Britain from that demanded and consumed on the Continent. On the Continent the chief importing country is Germany. Germany wishes fat meats, that is, cuts out of fat hogs such as are produced in the United States. Canada has no export trade to Germany at all; she has not a product such as the Germans wish. But Canada does produce and is adapted by nature for producing the type of hog Great Britain wishes, namely, a lean bacon type of hog, and her only market for the home export surplus is Great Britain. It behooves us therefore to study carefully the requirements of the British trade, and what is necessary to receive the maximum return for the product we have to export. This is a question that has been discussed a great deal throughout Canada, in live stock circles, for the last three years, but it will bear repetition here because you are studying Canadian problems, and this is extremely important. Canadian bacon has a fair reputation on the British market; but Canadian bacon does not by any means hold first place on the British market. There is no reason why it should not hold, if not first place, at any rate a place very close to first place on the British market.

Q. Why does it not hold first place on the British market?—A. The only reason is that our hogs are not well enough bred. Our great problem in connection with the export bacon business is to produce the right type of hog, but it is something that is quite within our power to achieve. It has been done by others.

Q. You say it is easy to produce such hogs?—A. It is easy to produce them; it has been done in countries with a much inferior natural endowment to ours. We have the kind of climate that produces the best bacon hog, and we have the feed which produces the best bacon hog, and there is no reason at all why any type of Canadian hogs should not surpass or equal hogs produced in any other part of the world. At the present time they do not. The Dominion Government in collaboration with all the Provincial Governments, the packers and everybody else who is interested, have been for a year and a half carrying on a campaign in connection with this feature of the business. There is nothing that approaches the importance of that, in connection with the hog industry of Canada. If we produce a hog that is as good as the Danish hog, we can capture the British market from Denmark, because we can produce hogs cheaper than they can. I do not think there is any question of what Canada can do in the bacon industry.

Q. You mean we can get the hog to the consumer in Great Britain and have it according to his taste, equally as well as the Danes?—A. Yes. Take Western Canada,, the Province of Alberta for instance, the farmer there sells his oats and his barley for whatever the market offers; I do not know what it is at the present time, but it nets him back on his farm perhaps twenty cents a bushel, that is, for oats.

The CHAIRMAN: What is it, Mr. Gardiner?

Mr. GARDINER: Perhaps 35 cents a bushel; I don't know just what it is at the present time.

WITNESS: At any rate, if he ships out his grain as grain, he has to pay the long freight haul to Fort William, then the lake freights beyond that, whereas if he feeds his grain on his own farm he converts 5 pounds of grain into one pound of hog, and as a consequence makes a tremendous saving on that score. Besides that, he improves his own farm by reason of the manure, and he produces a commodity for which, on the whole there is a more stable market than there is for grain, so I do not think there is any doubt as to Canada's capacity to compete with Denmark, and to produce a bacon type of hog more cheaply. She is our greatest competitor on the British market.

By Hon. Mr. Sinclair:

Q. In speaking about the class of hog produced, what percentage of our hogs would come up to bacon requirements, or the standard of the Danish bacon? —A. It varies in the different parts of Canada. In Ontario, I should say perhaps 20 per cent of the hogs conform to the best bacon type. If Dr. Grisdale were here, he would know more about this than I do. In the West, a very small percentage; five per cent would be putting it high.

Q. For the simple reason that there is no attention given to the breeding of the bacon type?—A. Yes.

Q. They breed a type that will get ready quickly?—A. Yes.

Q. Is there any disability that you have in competing on the British market with other countries, in regard to the curing of the bacon, on account of our distance?—A. Yes, that does constitute a disability. The Dane can ship from his packing house in Denmark one day, and it will be delivered in England the next day but one.

Q. And consumed within the week?—A. Consumed very promptly, and of course that is an advantage—but that is an advantage which will be minimized as time goes on, and transportation facilities improve.

By Mr. Gardiner:

Q. Is it not a fact that these so-called Wiltshire sides in Great Britain are being taken by the curers there and finished off to suit the British market?— A. They are smoked there, that is all; they are not cured.

Q. Can you give us any information as to the effect of feed on hogs for the class of bacon that you would require for butcher sides.—A. I am not at all an expert on that, but the type of feeds that are prevalent in Canada are the feeds that are the best calculated to produce a bacon hog. I am thinking of oats, and barley.

By the Chairman:

Q. Peas?—A. Peas, of course, are the very best hog feed, but they are not used very much now, because they are too expensive.

By Mr. Gardiner:

Q. I think there is an idea prevalent, more particularly in Western Canada, that that very type of feed that you have mentioned namely, oats and barley,

is not the proper type of feed to produce the quality of bacon which will take the first class price in Great Britain. They maintain out there, those who know the situation, that in Denmark they have the proper feed, because of the fact that they have so much skim milk and whey from their butter and cheese factories, and that was almost essential to produce that class of bacon.—A. I think that is probably right. I am not an expert in regard to hog feeding, and I have no doubt that skim milk is a very desirable food for hogs, and it is quite natural that a hog industry should develop alongside a dairy industry, but you are developing a dairy industry in the West very rapidly, and you are not cut off from that type.

By Mr. Gardiner:

Q. The dairy industry in Western Canada is not very great at the present time, it is localized more or less, so to speak, and consequently only a very small portion of the hogs raised would have that class of food available. Can you give the Committee any information in regard to the new regulations put in force during this last year, as to the grading of hogs for the purpose of trying to raise the grade of hogs, to be able to get the class of bacon required for Wiltshire sides. What is your experience with regard to the grading system? —A. I may say in the beginning that I believe the principle of that is right, and it has been put into fairly general operation in Western Canada, but has not become general in Eastern Canada. The reason why it has not would take a very long time to explain, but they are being gradually worked out, and I think they will soon work themselves out, and I think everybody believes in that principle.

Q. From your experience in Eastern Canada, where you have your abattoir, you have not been able to get very much exact information with regard to the practicability of this plan.—A. Well, there are some pretty important points in connection with that. I should not be surprised if ultimately the grading will be done on the dressed carcasses, and not on the live animal It is a much simpler problem, as a grading problem, to do it then, and there are many advantages in grading dressed rather than live and I am inclined to think personally that they will ultimately work out along these lines. ,

By Mr. Caldwell:

Q. How would you pay the producer?—A. There are difficulties that have not worked out, but they are capable of solution.

By Mr. Gardiner:

Q. That is one thing I was going to work up to. Do you not think that the proper solution to the problem is really the grading of the carcasses in the plant?—A. Personally I do, although I am not speaking for the packing house industry, because there would be some who would not agree with that.

Q. Do you think, from any information that you may have, that the packing plants would have any objection to the grading taking place in the plants rather than in the stock yard?—A. I do not think so; I cannot think of any.

Q. I suppose you have not any information with you as to the relative proportion of, say, for instance, No. 1 hogs as bought at the stock yards, and the amount of No. 1 butchered sides that would come out of the packing plant; is it greater or smaller, or about equal?—A. Nearly all the hogs are bought graded in Eastern Canada, so there is no basis for comparison at all.

Q. That is to say that the system at the present time, as far as the East is concerned, has not been sufficiently put into operation to give you any opportunity to judge?—A. That is it; it has not been put into general operation.

By Hon. Mr. Sinclair:

Q. When you speak of grading in a packing house, why do you not get the producers to adopt better breeds of hogs, and raise our percentage of bacon hogs? Do you think a system could be worked out by which you could grade hogs in a packing house and carry it back to the producer, so he would see that it was a benefit to him?—A. Yes, I think it can. I would like to repeat that I am only expressing my own opinion on this, but I have thought of it a good deal. One cannot work out the details, because we have not taken the first step; here is what happens in practice in packing house operation. We buy a deck of hogs, they are generally bought in decks, about 80 hogs, from a commission firm, say, John Smith. We pay John Smith for these hogs, and do not know from whom these hogs came. If the hogs were to be graded in the packing house, the procedure would have to be something like this: Instead of paying the full purchase price for these hogs, we would pay John Smith, say, 80 per cent of the price, that would be a price of ten cents per pound for the best grade hogs, for select bacon hogs, or ten cents per pound, if you follow out the practice, for what we call thick, smooth hogs, and a premium of a cent a pound for the select hog, and a discount of so much for different grades. As these hogs were sent over the scale, they would be graded. There is no difficulty about that; that can be done very accurately by a man who has been practising it only a short time. That is the great advantage of grading on the scale. After that, they would be worked out according to scale; the premiums and discounts would be worked out. Whatever sum was coming to John Smith in respect of that deck of hogs would be sent to him. The reason we could only pay 80 per cent and not the whole 100 per cent of the purchase price would be this, that he might have ten premium hogs and fifty discount hogs, and instead of giving him a premium on the whole deck, we would have to make a discount, so the packer would have to protect himself in some such way as I have mentioned, by advancing 80 per cent. However, the final statement would be made, ordinarily, within twenty-four hours of the time purchased. In regard to getting that back to the farmer, that involves still further problems, and the simplest way that I can think of is for the farmer to have tags, probably for the provincial governments to issue tag numbers to the farmers, and a record of these tags could be kept. That might be done, or the farmer might put individual marks on the hogs, but the problem of getting it back to the farmer is a difficult one, but it is not by any means insuperable.

By Mr. Sales:

Q. It would involve considerable book-keeping?—A. Yes, but it would be worth it.

Q. There has always seemed to me, Mr. McLean, to be a very wide spread between the live hog price, or dressed hog price, and cured bacon in this country, as compared with our Old Country spread.—A. Yes.

Q. What would your hogs, costing, for instance, 8 cents a pound, live weight, what would that represent as dressed pork, say, your thick smooth hog?—A. I would be very pleased to send you the cut-out sheet, as we call it, showing how they work out, but I would rather not give you that off-hand, because I am not close enough to know. I never do it myself, and I have not the figures in my head. All I know, and can assure you of, is this, that the ultimate profit that is made on that hog, whatever the reason is, is quite small, and that no unreasonable prices are charged, that is over the year, by packing houses, and the fact is that packing houses do not make unreasonable profits. I suppose that is the point of your question, and I would like to take advantage of this

opportunity just to convince you on that point. I will not select the last two years, when nearly all packing houses have lost money, but I will select the very best years, and in the best years a profit of a quarter of a cent per pound on all the products sold is a very satisfactory profit. On a hog, that means about a quarter of, say, 160 pounds, 40 cents.

By the Chairman:

Q. Of course, you do turn over your capital quite often?—A. That is the point.

By Mr. Sales:

Q. You are selling bacon to-day in England at less than in Canada?—A. Yes, we are making heavy losses on bacon in England to-day.

Q. And charging the Canadian consumer to make up for it?—A. No, I do not see why you say that at all. I want to make that plain. We are getting all we can in Canada.

Q. When I have a loss in this department, naturally if I have an opportunity to make it up in another, I do.—A. No, that is bad reasoning, and I can refute you, because you were telling me yesterday about the farmer not being able to make up his losses. Neither can the packer or anybody else. We are controlled by the markets, by the markets to which we have to sell.

Q. But the farmer has no protected market.—A. Yes, but he has a distinct market.

Q. Not protected?—A. Neither have the packers.

By the Chairman:

Q. Just let me ask you these questions. What are you selling bacon for in England at this time?—A. I should say that the average price of the Canadian bacon sold in England last week was about 80 shillings per 112 pounds.

By Mr. Sales:

Q. Wiltshire sides?—A. Yes.

By the Chairman:

Q. That is how much per pound?—A. I would have to take time to figure that out, it is 80 shillings per 112 pounds.

Q. What are you selling the same type of bacon for in Canada?—A. We do not sell the same type at all; there is no Wiltshire trade in Canada.

Q. The nearest type of bacon, corresponding to Wiltshire?—A. That is a point that I am glad to have an opportunity to explain, because it leads to a great deal of misunderstanding. Bacon in England means Wiltshire sides, and the price in England last week was roughly 80 shillings per 112 pounds. Bacon in Canada means a side. You know what that is. Or a deck, which is a very small percentage out of the middle of the hog.

Q. The finer cut?—A. Yes.

Q. Can you tell me what is the price in England and what is the price in Canada for that part of the side which we call bacon in Canada?—A. I am sorry I cannot but I would be very pleased to send it to you and any other particulars you wish in regard to bacon. I will give you a complete cut out, showing our complete cut out of the complete product of the hog, if you are interested.

Q. We are interested in finding out what they sell for, say in the land of Mr. Sales' birth, in Nottingham and say in Toronto.

Mr. SALES: I will give you a strange experience I had. Before I came here I used to cure my own bacon and my own ham and sell it to customers and buy

for my own eating Davies' ham, and I used to buy that in the year 1900 at 12 and 13 cents a pound from the retailer in England, after the retailer and the wholesaler had made a profit on it. I came to Toronto in the same year and went into Davies' own shops in Toronto and they asked me 20 cents a pound, and I wondered what kind of a country I had come to and I have been wondering a good deal ever since. Is not that a strange thing? I think that holds yet to a large extent, at 86s. per cwt. for Wiltshire sides, and they are considered to be choice and that works out at a little less than 18 cents a pound per day for the Wiltshirt sides.—A. These Wiltshire sides that we sell for 86s. a swt. weight, I am letting you in on a trade secret now, cost us laid down there about 96s.

Q. What would your price be to the Canadian consumer?—A. It is set by entirely different conditions. It is set by the play of competition by those people who have bacon to sell, all of us getting as much as we can.

Q. No arrangement?—A. Absolutely none. I have told you that before.

Q. There are so many words for these things. There are gentlemen's agreements and arrangements, so perhaps you have another word for it.—A. If you would lay all your words on the table I would say no to them because I would like to have that part of the discussion over.

Q. When I said the spread seems large I am giving my experience as an old country butcher, that when it passes 6 pence a pound, we used to sell the bacon from those hogs at 16 cents, and the lard at 20 cents and the ham at 20 cents. The spread has always been very much greater. I never could understand it. —A. I would not like to offer an offhand explanation of all these difficulties because it might be wrong. I am willing to give you the cut out, the price on these things, which is the best statement that enables you to judge as to whether or not the prices at which stuff is selling are fair. Each week all the hogs that we kill are put on to a cut out sheet and the cost of each in the cut worked out on that. If we kill two thousand hogs per week, there are 50 different products that come out of the hog and we don't get anywhere by calling attention to one of these products to discuss whether it is a fair price because it depends on the price of the other 49 products, but if later you wish to go into this further I would be glad to come back with such sheets, or any other packer in Canada would be glad to come and give you the detailed information that you wish.

The CHAIRMAN: We might avail ourselves of that offer?—A. Well it stands. I will be glad to take it up at any time.

By Mr. Sales:

Q. We were very much interested in the development of the packing trade from this point of view. We find that animals are shipped two or three hundred miles, and as is the case in the West, five or six hundred miles, and the beef is sent back to the butcher. It does not look to me to be an economical process. Perhaps you can tell us why it developed.—A. I think I can tell you whether or not it is an economical process, because I don't think it would have happened if it had not been an economical process. That is the only conclusion I can arrive at. What are all the considerations behind it I cannot tell you, but I can give you some idea of the chief ones. They are brought up in a small Ontario town and there were two or three butchers bought their cattle, each of them had a slaughtering house on the outskirts of the town and they slaughtered their cattle there and sold their meats, and when I became connected with the packing business twenty years ago that was the universal practice. There may be what would be called a wholesale butcher, who would buy the cattle, slaughter them and sell them locally to the local butchers but he would never go further afield than his local town. That has been revolutionized in most towns, and he evidently thinks it is better to buy meat, not cattle. If you walk into an

ordinary butcher shop in an ordinary town in Ontario to-day and asked him, "Why do you buy beef instead of slaughtering them?" he would say, "I have not got time to go through the country and buy them and besides I am not in touch with the cattle market. I might pay five or ten dollars more than it is worth. I used to buy steers. I don't do it any longer." However the chief argument is with him that he has not got the time. "But wouldn't it pay you and save the freight? You are here at this point. The cattle are brought in right past your door, driven along the streets, loaded on cars, shipped to Toronto and slaughtered and brought back to you. You could cut out the freight to Toronto and the freight back." The explanation to that I think is chiefly this question about time and the staff the butcher would have to maintain in order to do that, a staff large relatively to the number of cattle he has to kill. He would have to keep an extra man for that and after that the chief explanation lies in the fact that there are very considerable economies to be made by the centralized slaughtering of the animals.

Q. Such a system as you spoke of has never grown up in the Old Country?—A. No, it has not.

Q. They still maintain the old theory and the old practice of saving the freight?—A. Yes.

By Hon. Mr. Sinclair:

Q. They have 40 million people in a small area. We have not the population.—A. That argument would seem to work both ways. There is such a large market there that I have often wondered that centralized slaughtering had not been introduced in Great Britain to a much greater extent than it has. There is centralized slaughtering at all the ports, Liverpool, Manchester, Glasgow and formerly Bedford, but at those ports—

By Mr. Sales:

Q. What is the freight on beef to any of those towns? That is the freight to Pembroke?—A. I suppose it would be about 60 cents a hundred pounds. I am not sure.

By Mr. McKay:

Q. Distribution would be a very important factor in your present method. Shipping cattle to Toronto, shipping the produce back to the butchers. I mean the cost of shipping back cattle again all over the country. Freight would be very costly?—A. Yes.

Q. I can understand that if the population was dense the distribution would be reduced to an economical point. Where the population is scattered the cost increases.—A. The cost of distributing from Toronto in a sparsely settled district would be smaller than at a large point, but there are corresponding difficulties in a sparsely settled district. The butcher would have the same difficulty in operating by himself in that. The point in regard to change in the same system is that it is brought about not by the volition of the packing houses but by the volition of the retail butcher. The decision of that problem is in his hands, not in the packing house. If he thinks he can buy more cheaply locally than he can buy from us he will do it. He only buys from us if it is cheaper and that is the reason I said it was an economical movement, not uneconomic, because the decision is left with the man who is best able to judge whether it is cheaper to him or not.

By Hon. Mr. Sinclair:

Q. Would there be reason to fear if he did not buy your beef some man across the street whose beef would be locally killed beef and the man across

the street might take his custom away by selling better beef. You would consider it good business to put it into the man at a lower price than the fellow on the opposite side of the street could sell it at?—A. I realize all that argument is something I don't know anything about because it does not occur. We send our travellers out, and all I know is that we press them to make sales all the time at a profit. I am not saying we don't make sales at a loss but we do it in spite of our efforts.

Q. Do you not have greater economies in centralized slaughtering?—A. I think the chief factor in that is that the butcher now has a different kind of job than he had twenty years ago. He stays in his shop and endeavours, by giving good service to his customers, to develop his trade under his own eye and he allows the slaughter house to do the slaughtering of the cattle.

By Mr. Sales:

Q. And the distribution passes unto the consumer?—A. Yes.

Q. And that naturally increases the price to the consumer?—A. If there are extra costs, of course it does.

Q. He has to bear the cost of your commercial traveller and the freight both ways as against saving centralized slaughter?—A. Those are all parts of the system and they have to be borne. I should think that the presumption is that the costs are less. Otherwise that system would not have replaced the previous system.

Q. It costs $10 to ship a steer from the vicinity of Saskatoon to Winnipeg. Now we ship the beef back 500 miles. I don't know what the freight rate is but it must be $1 a hundred. It must be a cent a pound and I think that I can go there and save money on the abattoir process. That seems to me an economical waste?—A. There is always a difficulty. Remember—

Q. If such a thing is possible?—A. I don't like such a matter to hinge on an individual case that I don't understand. There is no point in taking it, except under the broad principles of this, and this revolution in the meat trade has occurred. I think the presumption that I have made is a fair presumption, has occurred because on the whole the butcher gets his beef cheaper and I don't want to go beyond that, to the argument of individual cases I don't know anything about.

By Mr. McKay:

Q. Is there a fixity of prices to those butchers in the different towns. It has been stated that the price at which the butcher sells—take a town like Pembroke, that they all have to sell the same quality of beef at the same price, subject to pains or penalties if they do not.—A. I have been in the packing house business 20 years and I never heard of it. You can imagine that being done probably but I never heard of it in my 20 years in the packing house business. I am not claiming that packing house people are of a very superior virtue to other people. I say following the theory of common sense they are working on that basis in the working out of their business. How can a packer from Toronto come in to a town like Pembroke and do that to work out their problems?

Q. He could do so if there had been an agreement by all the packers.—A. The other side of that is this, that if there are no such gentlemen's agreements and never were, that you are not going to arrive at anything that is beneficial to the live stock industry or for Canadians generally by following out a lot of theories that are based on such agreements, that have their inception with that idea.

By the Chairman:

Q. Your testimony is to the effect that the packers have never said to the retailers: "We will sell our product under the theory that you will sell at a

certain fixed advance over the price which we sell to you."—A. Yes. That has never been suggested by any packer to any retailer in Canada.

Q. That system we are finding out and I believe in the course of this inquiry we will find out in more particulars, exists in many lines of business, but you protest that the packers are as innocent as babes unborn of having followed such practice.—A. That is hardly fair phrasing, I submit, Mr. Chairman, because—

Q. I don't want to put words in your mouth which are at all unfair. You tell us as one serious gentleman to other serious gentlemen that that practice does not obtain.—A. Absolutely.

By Hon. Mr. Sinclair:

Q. It is your practice to sell to every butcher in the town who wants to buy, or every retailer?—A. Yes.

Q. Do you refuse any?—A. Except when we are afraid of their credit.

By Mr. Sales:

Q. Do you carry on a credit business?—A. We attempt to collect in 7 days. Our average of outstanding accounts is about 12 or 13.

The CHAIRMAN: That is a happy business?—A. Our percentage of bad debts is about one-tenth of one per cent.

By Mr. Elliott:

Q. Your buyers go on the market. They pay different prices for different grades of live stock?—A. That is heifers as compared with steers.

Q. In quoting the prices of your product, as you sell to the retailer throughout the country, do you quote any difference as between steer and heifer beef?—A. Yes, that is if we are paying a different price alive. These differentials between various grades keep constantly showing between supply and demand and our prices constantly changed in correspondence to the cost to ourselves.

Q. There is a difference between heifer and steer beef in the cost the retailer pays to you?—A. There is always at a time when there is a difference between the price of heifers and the price of steers alive.

By Mr. Caldwell:

Q. There generally is?—A. At the present time there would not be very much, I think what Mr. Elliott has in mind is that cows and heifers were cheap as compared with steers. There was much more than a usual differential last Fall and that was due to the different conditions. There was no outlet for heifers to the United States and there was an unlimited outlet for steers to the United States.

Q. Did you include any heifers in your chilled meat shipment?—A. Yes. We got better returns on cows than anything else. The cows are better than the heifers and the heifers better than the steers.

By Mr. Elliott:

Q. Why this discrimination that exists on the market to-day, that exists between steers and heifers?—A. According to the outlets we have for them, at whatever prices we can sell them, they reflect back on the cost.

Q. What I don't see is this, that if the beef is as good why should it not sell at the same price or why should you not pay the same price for it?—A. The man who determines whether it is good or not is the butcher.

The CHAIRMAN: It is 20 minutes after five and there are one or two aspects of the live stock business that I think we would like to touch if the gentlemen are finished about the steers.

By Mr. Milne:

Q. In about 1905 or 1906 there was a great campaign through the prairies about bacon hogs, and we got Yorkshires extended through the West. Now they have all disappeared and we get the lard hog. Now we are turning around and taking the bacon hogs again. What is the reason?—A. There were so many American farmers came into the West and brought their lard hogs with them. The bacon hog looked like an unfinished hog to them. An American packer was in our packing house a few weeks ago and he saw a line of Yorkshire hogs and he said they did not look any good to him. They were progressive men with capital and enterprising farmers and they had their effect on the general sentiment. Another thing was, and this probably was the chief, that during the war there was a market for any kind of stuff, no matter what it was. Food and bacon was so scarce that the British Ministry on food were willing to buy any sort of bacon at a price. We were not forced by interest to produce them and now we are. If we don't produce the bacon type of hog now we will be driven off the British market.

By Hon. Mr. Tolmie:

Q. Have you had much trouble in getting sufficient hogs of that type?—A. Yes; the proportion in the West is very moderate. However, it is improving. There has been a strong movement for the improvement of this type of hogs in the West.

Q. Before you came in I guessed it at about 20 per cent.—A. I don't know, I could not say.

By Mr. Caldwell:

Q. What do you do when you have a short run in Toronto, when you do not get enough to keep going?—A. We have to scurry around and get what we can, and be satisfied with what we can get.

Q. You do not bring in any dressed pork from the United States?—A. Yes. I thought you meant live hogs. We bring in some American hogs, but not very many, and those are not carcasses, but cuts. We buy in certain years a great many American bellies cured, and put them into the domestic trade.

By Hon. Mr. Tolmie:

Q. What is the difference in the price of hogs as between Chicago and Toronto?—A. About two cents a pound.

Q. Is that on account of the quarantine?—A. No, it is the American hog would not bring the price; we have no outlet for them.

Q. Then the thirty days quarantine makes no difference?—A. Yes, it prevents trading undoubtedly, even if we wished to do it.

Q. During the war it made a difference of four or five cents?—A. Yes.

Q. Is the farm production of the hog grower in this country affected by that quarantine?—A. I don't know that I have ever considered that. It certainly prevents American hogs coming, and the effect of it is that Canada in recent years has get a much higher price for hogs than the United States.

Q. Do you find the Americans turning towards Canadian bacon?—A. I cannot tell you whether there is any general movement in that direction or not, but I doubt if there is. The large hog is very firmly established, in the United States.

Q. For what reason?—A. In the main because he is suitable to the climate and to the type of feed they have, which is corn.

Q. Is there any extra demand for heavy pork in the States that does not exist in Canada?—A. Yes, there is.

Q. Down South?—A. Yes.

Q. Among the coloured population?—A. Yes.

By Mr. Caldwell:

Q. What difference in price is there between here and the United States; I suppose that will be according to the type of hog?—A. Our hog has a higher intrinsic value.

By the Chairman:

Q. We would like now to get a similar statement as to the lamb business? —A. I would like to remind you that I am not at all posing as an encyclopedia in regard to the useful things that are developed in connection with the live-stock industry. The lamb industry or the mutton industry of Canada has been more or less intermittent; I would say that is true of hogs also, and cattle, but to a greater extent of lambs. We have never had any export market for our lambs, except to the United States. As far as I know, our lambs have never been shipped to Great Britain, except in very small quantities. My judgment would be that our lambs differ from our hogs, in this respect, that there is no available export market awaiting us. We are safe in going along developing hogs to almost any extent, but so far as my knowledge goes there is no broad market that will absorb our lambs except the United States, where there is a duty of three cents against them. The United States will take all of our lambs at a price, but of course there is a duty of three cents to come off.

By Mr. Hammell:

Q. Tell us about the importing of lambs. You do some of that, I presume?—A. Yes. In various years there have been very large numbers of lambs imported into Canada, for the reason that there were not enough produced in Canada. This year so far as I know, there have not been any; at any rate there are very few.

Q. That is, there have not been any imported?—A. As far as I know there have not been.

Q. That will be good news to my section of the country?—A. I do not think there has been any this year at all. It may be that some lambs have come in at Vancouver or Victoria. In regard to the exporting of lambs or the importing of lambs, I imagine there is a pretty general illusion in regard to that question. It is not that Canada does not raise enough lambs. What happened in the past was that in the fall season, when our lambs were coming in in large numbers, those lambs are bought and slaughtered at the Toronto market, and are purchased and sent to the eastern United States cities, and many are shipped to Buffalo, New York and Boston, and while that run is on the large American cities absorb these lambs, because they are of extremely good quality, better than the average American lambs. Then when the scarce season comes on, during the winter months, there are very few lambs marketed in Canada, and we have to look some place else for our lambs, and we find the New Zealand lambs on the market.

By the Chairman:

Q. That would not be injurious to Canada?—A. No, not in my judgment.

By Mr. Hammell:

Q. You do not enter into competition with American lambs?—A. When they come in they sell against whatever Canadian lambs there are here.

Q. Is it not a fact that the New Zealand lambs are imported and held in cold storage and put on at the earliest date, before the Canadian lambs are available?—A. Yes; if they are imported at all that would be the time they would be here. They are imported in the winter, during the season of scarcity, and if there is any hang-over, every man will attempt to clear them off before the first of July; if there is any hang-over, that is the reason they put up, that they have to be sold.

By Hon. Mr. Sinclair:

Q. The business in frozen lamb is much larger than it is in any other meat; can you guess at the number that are frozen?—A. Lambs come to the market in the fall, and are not available during the winter.

By Mr. Caldwell:

Q. Is there not another reason, that lamb keeps frozen better than beef; it comes out in better condition?—A. No, I do not think so. That never occurred to me. It is easier for the butcher to handle, because beef is bulkier and more unwieldy, and is more difficult to handle when frozen, on the block than lamb is.

By Hon. Mr. Sinclair:

Q. Does our market suffer from the duty on lambs?—A. Undoubtedly.

Q. Who pays the duty, the consumer or the producer, in Canada?—A. I thought you meant, pay the United States duty.

Q. Our market is the New England market?—A. Yes.

Q. Has the duty reduced the price you are able to pay for lambs?—A. I do not want to discuss the export business; I have thought out the beef business, but have not thought of lambs. I would say that it is the same with beef as with lambs, and I would say that the American producer pays the duty.

By Mr. Caldwell:

Q. Because the supply is small?—A. Yes.

By Hon. Mr. Sinclair:

Q. We would have the advantage of the extra quality, and the duty besides, if it were not there?—A. I suppose so.

The CHAIRMAN: Are we ready now to go on to eggs?

By Mr. Elliott:

Q. Is it not a fact, Mr. McLean, that when the rush of lambs is coming on in the fall, large quantities are bought up and slaughtered by the abattoirs and held in cold storage, and placed on the markets when the price is higher?—A. Yes; that is their object, that is why they do it. This year is rather an unusual one. They are going to have to sell them for less than the cost of them coming in; that is why people have to make cold storage, to sell at a higher price when the time comes.

By the Chairman:

Q. Are you ready for eggs now? I understand, Mr. McLean, that your company deals largely in eggs?—A. Yes, sir.

Q. Have you anything of value to communicate to the Committee about eggs, the production or marketing of eggs, the conditions of getting them to market and so forth?—A. There is one feature of the egg trade that would not stand discussion a few years ago, something we do not hear much about now,

namely, the iniquities of the people who store eggs. You will all recall the discussions that went on during the war—I don't know that it is worth while bringing that up now, but I would like to make one feature clear to you, as to the function of cold storage in the food industry generally, that will be of interest. Before there were cold storage plants in Canada, you know what happened. Some of you are younger than I am, and perhaps do not remember as well. In the spring of the year, around Easter time, we used to buy eggs at home for eight and ten cents a dozen, and butter was correspondingly cheap a little later on. Eggs were very plentiful and very cheap in the spring, but in the winter they were non-existent; the ordinary family did not have any eggs to eat at all. The cold storage man saw his opportunity there. He did just what I told Mr. Elliott the cold storage man does; he erected a cold storage plant, he would buy stuff when it was cheap and sell it when it became dear. That was his purpose in erecting cold storages. How has it worked out? Up to the time when the cold storage became adequate, the owner of a cold storage plant made very handsome profits. If I had the only cold storage plant in Canada to handle eggs, I would make a lot of money out of it, because I would be the only buyer in the spring, and I could set my own price in the winter. Cold storage in the egg trade, in the butter trade and every other trade has worked out in this way. The attractions of the cold storage business resulted in a certain number of cold storage plants being built, and they went on until there were enough plants or more to correspond with the production.

By Hon. Mr. Sinclair:

Q. To carry the over-production?—A. Yes, to carry the over-production. What happens now? Instead of a price of eight cents for eggs in the spring, which we would still have if we did not have cold storage plants, we have a price of twenty, twenty-five or thirty cents in the spring for eggs, according to the season, and instead of eggs being non-existent or selling for $1 a dozen in the winter time, we have eggs selling at a price that is regulated at that end by the competition between the cold storage houses and the warehouses, to get rid of their stocks. The stocks are put in, and at that time the producer gets more for his eggs by reason of the cold storage plants. If he is playing safe, the cold storage man must be out of eggs by the 1st of January, because after that time it is dangerous to carry cold storage eggs; the sun is beginning to shine, and greater quantities of eggs are brought in.

Q. What quantities of eggs are brought in; can you give us any information as to that?—A. The production and consumption of eggs is vastly increased by the cold storage facilities. One has only to reflect a moment to realize that. The average price received by the producer is very much greater by reason of the cold storage operations.

Q. I suppose you buy your eggs direct from anybody who offers them?—A. Yes.

Q. How do you find the quality of the eggs you buy from the producers? —A. I imagine that what you are inquiring for is that certain regulations have been made in regard to eggs, the laws applicable to inspecting?

Q. Exactly.—A. I am sorry to say that I do not know anything about that. I am not close enough in touch with the produce branch of our business.

By the Chairman:

Q. Does the Canadian hen supply the Canadian people with eggs, Mr. McLean?—A. I do not know whether the total production of eggs in Canada is as great as the total consumption. Some of our eggs are exported, and against that there are some eggs imported, but whether the exports are greater or less than the imports, I do not know.

By Mr. Caldwell:

Q. You export eggs to the United States?—A. No, sir, we do not export any eggs to the United States. There is no export trade to the United States; their eggs are cheaper than ours.

By Mr. Hammell:

Q. Where are eggs principally imported from?—A. The United States.

Q. Any from China?—A. I do not know of any.

The CHAIRMAN: Any further questions about eggs, so that Mr. McLean can get away to Toronto to-night?

By Hon. Mr. Tolmie:

Q. How about the export of eggs to Great Britain; is it not a fact that our eggs bring a higher price than American eggs?—A. I think so. I think that has been accomplished by the Canadian system enforced by the Dominion Government.

Q. The quality of eggs coming in from the United States is very much better than it was a year ago?—A. Yes.

Hon. Mr. TOLMIE: I think I have noticed that at the place I eat; they have not that old-fashioned flavour they had years ago.

By the Chairman:

Q. How about the manufacture of Oleo, Mr. McLean?—A. I am pleased to have an opportunity of saying a word upon that question.

By Mr. Gardiner:

Q. Before we leave the egg question, I would like to say that a year ago last winter I happened to be in a town in Western Canada, where there were a couple of cars billed for the United States termed Canadian Special Eggs. I went into a store a few hours after seeing those two cars of eggs, and I found they were selling in that store United States eggs marked " special ". There was a piece of evidence that seemed to me to be rather remarkable. Here we were shipping out Canadian eggs to the United States marked " special " and our store-keepers were having sold to them from the abattoir United States eggs marked " special " Do you suppose there is any great prevalence of that practice?—A. I doubt it. I never heard of Canadian eggs going to the United States.

Q. I saw those two cars there myself.—A. They might have been eggs that had been shipped from the United States into Canada, and for some reason were refused and were being returned.

Q. Those two cars were shipped out to the United States, they were shipped out from the same cold storage plant from which the United States special eggs were bought by the retailer.—A. I cannot offer you any explanation. I never heard of Canadian eggs going to the United States.

Mr. SALES: Whose abattoir would that be, Mr. Gardiner?

Mr. GARDINER: The question is rather irrelevant, Mr. Sales.

The CHAIRMAN: I did not hear the question, I was busy at the moment. Are there any further questions to ask Mr. McLean?

Mr. GARDINER: He represents a firm that manufactures oleomargarine, Mr. Chairman.

By the Chairman:

Q. Tell us about oleomargarine, Mr. McLean.—A. I am very pleased to have an opportunity of saying a word about oleomargarine.

By Hon. Mr. Sinclair:

Q. Do you make oleomargarine?—A. Yes, sir. I think in 1918 legislation was passed. Before that time the manufacture and sale of oleomargarine in Canada had been forbidden. During the war, and for a couple of years following the war, when there was such an intense demand for butter in Europe, a great deal, a very large quantity of our butter was shipped to Europe, and for that reason very large quantities of oleomargarine were consumed in Canada. We manufactured at that time quite large quantities. Since that time the amount has varied from year to year and from season to season. At the present time the quantity that is being made and sold in Canada is much less than during the war years, but it is still considerable.

I need not tell you what opposition there has been to oleomargarine. What I want to do is to tell you what I conceive to be the problems, the national problems that are involved in this thing, I would like you to think that I am not advocating any special interests, the interests of the manufacturers or the dealers in oleomargarine; I am trying to think of what our national issues are. We do not consider that it is good business for us as a country to exclude any wholesome food. I have never heard that argument seriously advanced by anybody. The test that is ordinarily made in respect of a food we propose to introduce into Canada is this: Is it sound, is it wholesome? The facts in regard to oleomargarine are so widely accepted and have been accepted by so many countries for so long a time that it is hardly necessary to discuss the merits of margarine on that basis. It is a sound food, and there is no gainsaying that. The man who disputes the soundness and the healthfulness of oleomargarine might as well talk about the world not being round. It has been settled long ago. Every civilized country in the world accepts oleomargarine.

Q. What is it made of?—A. It is made almost altogether of vegetable and animal fats churned in milk. At the present time the predominating factor is Oleo oil, which as you know is a beef fat. Oleo oil is produced from the selected parts of beef animals, reduced by a certain process, in which is is kept scrupulously sound and sweet. All fats, as you are aware, consist of various ingredients at different melting points. Beef tallow or the fat that comes out of the beef animal is divided up by this Oleo process into two fats at different melting points, and these are separated by applying different melting points. One is Oleo oil, the other is Oleo stearin. Nobody disputes the wholesomeness of either of these products; there cannot be any dispute about them. Oleo stearin enters into shortening, without question.

Mr. Chairman:

Q. In what form?—A. Well, Crisco is a shortening.

By Hon. Mr. Sinclair:

Q. How much?—A. Why not mention Domestic Shortening? Each firm has its own brand. Our brand is Domestic Shortening, and into that brand goes our steirne.

Q. Do you import your animal fats, or do you use Canadian?—A. We use Canadian so long as they will suffice, and they have more than sufficed for a number of years.

During the war we imported quite large quantities of oleomargarine from the United States, because the outlets for margarine were greater than we could produce out of our own oil.

Q. Where do you get the vegetable oil?—A. That is cottonseed oil and is bought in the United States. It is an oil that is produced from crushing cotton seeds. That is also allowed free into Canada and is very extensively used in

the manufacture of other edible products, for instance shortening. Ordinary shortening consists of cottonseed oil compounded with beef steirne. These are the two chief ingredients in oleomargarine. The steirne and the cottonseed oil are very extensively used, and have been for years and years in the production of commodities the wholesomeness of which has never been challenged. This Oleo oil is the same in essence as far as wholesomeness is concerned as steirne. It is another component of the original steer fat. That is what Oleo is composed of.

Q. How much butter do you use?—A. That varies, according to the demand. I think for the last two years there has been practically no butter used in the manufacture of Oleo in Canada; we have not used any, and I doubt if anybody else has.

Q. In milk or milk products?—A. All these fats we churn in milk.

Q. Do you use whole milk or skimmed milk?—A. No skimmed milk.

By Mr. Caldwell:

Q. After the butterfat is taken out of it?—A. There is variation in the product. They are put out at different times. We use whole milk at times, and at times we use skimmed milk.

By Mr. Munro:

Q. What is the object of churning this milk?—A. The milk is treated as it is in butter. The object of churning in milk is to get it to a better flavour. The object of churning it in milk is to get that characteristic butter flavour; we do not get an exact butter flavour, but we get a flavour approaching it.

By Hon. Mr. Sinclair:

Q. That is the popular flavour; without that it would not take at all?—A. This is a butter substitute.

By Mr. Munro:

Q. A butter substitute?—A. Yes. If I have convinced you in regard to the wholesomeness, the rest is easy. Oleo is selling to-day for 22 cents a pound.

By the Chairman:

Q. As against what?—A. As against 53 cents for butter.

By Mr. Sales:

Q. Is that the wholesale price?—A. 53 cents.

By Mr. Munro:

Q. So that all these prices are wholesale?—A. Yes.

By the Chairman:

Q. Let me ask this question. Does oleo come into competition with creamery butter of a good type?—A. It is difficult to answer that, but I would say scarcely at all. It is not used by the same people; the people who buy oleo buy it for two purposes; some use it for table use; those people could not afford to buy creamery butter, at any rate it would cost them very much more. The most general use to which oleo is put is shortening, making cakes and so on. For that purpose it is just as good as creamery butter, and a great many people use it who would otherwise use creamery butter. I would not be surprised if your wife cooked with creamery butter.

By Mr. Caldwell:

Q. Is it better than these other brands of shortening for cooking purposes? —A. I cannot say.

Q. But less the flavour the milk gives, there would be practically no difference?—A. Yes; there are the same essential ingredients.

Q. And the same food value?—A. Yes.

By the Chairman:

Q. Will you address yourself to this aspect of the question; what steps, if any, are taken by manufacturers of oleo to prevent its being passed off as butter? —A. Well, they take the steps which are prescribed by the Government. The Government endeavours to frame regulations that will absolutely prevent that, and I think they have been quite successful. So far as I know, there is no general fraud in that respect. I have never heard of a single case, in my own experience.

Q. You might describe those methods.—A. Oleo is sold mostly in one-pound prints; they are contained in wrappers, on which the word "Oleo" is typed in one inch letters, which could not be mistaken.

By Hon. Mr. Tolmie:

Q. That is stamped into the material itself?—A. Yes. I was going to add that. The print is wrapped in a wrapper, on which is printed again in one inch type the word "Oleo." The product itself is stamped in one and a half inch type, so that it cannot possibly be overlooked unless it is deliberately pressed.

By Dr. McKay:

Q. Unless it is made over?—A. Unless it is made over. So that there is no possibility of fraud, unless it is by the deliberate act of somebody who makes it over, and who takes it out of these various wrappers.

By the Chairman:

Q. Although I am speaking for myself only, there are other people who agree with me, there are some people in this House who, although they do not like the idea of forbidding the manufacture of a wholesome article of food, are still impressed with this fact, that in certain eating houses and in certain places oleo is palmed off as butter, even with the present governmental regulations. Can you as a manufacturer suggest any means which might be taken to render that impossible?—A. Well, that is a problem I have never set myself to, so that I could not have an offhand suggestion or solution. I think the department, or those interested in it in the department have given a great deal of consideration to it, and I think they are satisfied that that type of fraud is not very general. There is this to be added, that if oleo is put on the table and those who eat it do not know the difference between it and butter there is no great harm being done to anybody. I am not saying that that fraud is extensive, but I am saying that that proves the whole case. If that is the argument against oleomargarine it gives the whole case away, because it is equivalent to stating that a product that is sold at less than one-half the value is not distinguishable except by marks on the butter.

Q. Will you address yourself to this phase of it; although it be a wholesome article of food, suppose it still has not the nutritive value of butter, is it not a fraud on the consumer if it be passed off upon him?

The CHAIRMAN: Mr. Sinclair suggests fraud upon the consumer. What have you to say to that?—A. If that fraud is passed off on him as butter, that is something for the experts to battle over. Remember, the statements of these individuals that butter contains more nutriment than oleomargarine, or that oleomargarine contains more nutriment than butter proves nothing. Those claims are equally made on both sides. I do not know which is the better. I

know I eat butter as a palliative, because it makes my bread more palatable. I am quite sure that I would eat oleo, although I do not in practice for the same reason that I would if butter were not available. I am quite sure that whatever the nutritive value is relatively, I cannot tell you, but you can get as many experts to argue that oleomargarine has more nutritive value than butter as you can get to argue the other way. So that an ex parte statement proves nothing.

Q. Do you use any colouring matter to make it resemble butter?—A. No. We try to get the colour of our oleomargarine as near as possible to that of butter, but we are forbidden expressly by legislation from using colouring matter, whereas the butter manufacturer is allowed to use all he wishes

By Hon. Mr. Tolmie:

Q. The law requires that these men selling it in restaurants have to hang up a sign which says "Oleo sold here."

Mr. SALES: I have never seen one yet.

Hon. Mr. TOLMIE: That is a matter for the police.

Mr. SALES: I have had a strong suspicion that the butter on my toast did not taste just right.

By Mr. Sales:

Q. If you quit manufacturing Oleo, you would still have it made for your beef fat shortening?—A. Yes.

Q. That would not be any great hardship on the manufacturer?—A. Quite right. I am not talking of our own interests, but of the national interests. Not a word of what I have said has been prompted by our own interest.

By the Chairman:

Q. You have a perfect right to express your views upon your own interests; your interest is the national interest?—A. We have an investment of $85,000 in an oleomargarine plant. If oleomargarine is forbidden, or if the manufacture of oleomargarine is forbidden by law, that plant will not be worth anything.

By Mr. Sales:

Q. How would you like this suggestion; if a restriction be placed upon oleomargarine, provided it is coloured so that it cannot be sold as butter?—A. How would you suggest colouring it?

Q. Put pink or blue in it.

By the Chairman:

Q. If it were tinged pink so that it could not be taken for butter, would it affect the sale?—A. Of course it would. That is a most unreasonable thing. When you get to that, you get into a new realm altogether. You have an unfair and unreasonable suggestion to achieve by chicanery what you cannot accomplish by argument. You forbid us to colour oleomargarine while you allow the butter maker to colour his butter.

Mr. SALES: I protest, Mr. Chairman.

The CHAIRMAN: I will have to defend myself. That is a suggestion which does not meet with your approval, Mr. McLean?—A. Yes, sir.

By Dr. McKay:

Q. How many are engaged in the manufacture of oleomargarine in Canada to-day, separate factories?—A. I would think that there would be less than half a dozen.

Q. Where are they located?—A. There are two in Toronto, I think.

Hon. Mr. TOLMIE: There are two in Toronto and one in Edmonton. That is all I know of.

By the Chairman:

Q. Coming back to the suggestion about colouring. Would that affect the sale of oleo for cooking purposes at all?—A. Yes, most decidedly it would affect the sale for every purpose. Would you eat pink butter?

Q. No. I understood from you that you thought the use of oleo as a spread was not as great as its use as a shortening?—A. I said it was used for two purposes.

Q. I am asking you first of all, would it interfere with its sale as shortening? —A. Yes.

Q. Why?—A. Because every woman would be afraid to put it in, because she would be afraid of poisoning her family.

Q. But not with the name of the Harris Abattoir on it?—A. Yes, although that would be a strong consideration to the contrary.

By Mr. Sales:

Q. Why do they not object to pink ice cream, then?—A. Because pink ice cream is pink because strawberries are put into it.

By Mr. Caldwell:

Q. In every case?—A. Well, presumably.

By Hon. Mr. Tolmie:

Q. What is the natural colour of oleo oil?—A. It varies somewhat, but the natural colour of oleo oil approximates but weakly the colour of butter, pale butter.

Q. What is the colour of cottonseed oil?—A. White.

Q. You claim it would be very unreasonable to add another different colour to the natural product?—A. Yes, certainly.

The CHAIRMAN: On the principle that everybody should sell under his own colouring.

By Hon. Mr. Tolmie:

Q. The dairyman is permitted to make that colouring greater during certain seasons of the year?—A. The dairyman claims the right to make his butter any colour he wishes, but he suggests that the maker of oleomargarine should make it pink or green.

By Mr. Sales:

Q. I am not a dairyman.—A. I know that. You are too intelligent for that.

By Hon. Mr. Tolmie:

Q. Is it not a fact that as butter goes up in price there is an increase in the consumption of oleomargarine?—A. Yes.

Q. And when butter goes down to ordinary prices, the sale of oleo shrinks? —A. It almost disappears.

Q. What is the proportion in comparison as between the manufacture of butter in Canada and the total manufacture of oleo; what is the total production of oleo as compared with butter?—A. It would be less than one per cent.

Q. Do you consider the manufacture of Oleo a serious menace to the dairying industry in Canada to-day?—A. No.

Q. What would it compete with to-day?—A. Rotten dairy butter.

Q. Is it desirable to continue the manufacture of that dairy butter?—A. Of course not.

Q. What would you do with the cream, if you stopped the manufacture of it?—A. It would go into the creamery.

Q. And be made into first class butter?—A. Yes.

By Mr. Caldwell:

Q. These factories have been put up with the distinct understanding that they are only allowed to make it for one year; it has been extended for one year at a time. It is natural to suppose that the manufacture was quite limited. If the limit was taken off, if it was permissible to make oleomargine in Canada for any length of time, is it not fair to say that it would be manufactured in greater quantities than it is at the present time, and that it would be a greater competitor of butter?—A. That question involves general and national interests. The chief dairy countries in Europe are Holland and Denmark. They manufacture creamery butter a great deal more, relatively speaking, than Canada does. They export it to England, and consume this Oleo. The result of making this regulation permanent would be that more margarine would from year to year be consumed, and I think it would be a good thing for Canada, in fact I am sure of it.

By Mr. Sales:

Q. They are seriously considering the stopping of it?—A. How can the national interests be injured by getting for 22 cents what otherwise you will pay 53 cents for?

The CHAIRMAN: "A Daniel come to judgment." Some of us feel very strongly along these lines in regard to a protective tariff.

By Mr. Gardiner:

Q. How is the price of oleomargarine affected by the price of butter, that is to say, when it goes up does the price of Oleo follow?—A. Not by any means in comparison; for instance, in the last six weeks butter has gone up twenty cents a pound, and Oleo the same way but not to the same extent.

The CHAIRMAN: It is after six o'clock now, gentlemen. We will not meet to-night. I think I may for myself and for you thank Mr. McLean, the witness, for the very valuable information he has given us, and I can assure him that we appreciate it very highly.

We will meet to-morrow morning at eleven o'clock.

(The Committee adjourned until Thursday, March 22, at 11 o'clock.)

HOUSE OF COMMONS,
COMMITTEE ROOM 268,
THURSDAY, March 22, 1923.

The Special Committee appointed to enquire into Agricultural conditions throughout Canada met at 11 a.m., Mr. McMaster, the Chairman, presiding.

D. W. LEDINGHAM called and sworn.

By the Chairman:

Q. Mr. Ledingham, what is your full name?—A. David W. Ledingham.

Q. And you live where?—A. St. John, New Brunswick.

Q. And what do you do there?—A. I am the manager of the Furness-Withy Company, Ltd.

Q. That is a steamship company?—A. Yes, sir.

The CHAIRMAN: I will ask Mr. Caldwell to go ahead and examine this witness.

By Mr. Caldwell:

Q. Your firm has a potato warehouse rented in St. John?—A. Yes, sir.

Q. Rented in the name of the Furness-Withy Company?—A. From the city of St. John.

Q. When you rented this building what condition was it in?—A. A very dilapidated state.

Q. And you fitted it up?—A. It was fitted up.

Q. It was fitted up; your firm did not do it?—A. No.

Q. Who did?—A. Messrs. Porter, Hatfield and Gallager.

Q. Who are these people?—A. They are potato buyers and shippers down there.

Q. How did you come to rent this in the name of the Furness-Withy Company? Does the Furness-Withy Company control the use of this warehouse?—A. Not altogether, sir.

Q. Do they control it at all?—A. In this way, that we have an arrangement with these people to whom we made a sub-lease that any business they have through this shed shall be handled by our company.

Q. And are any other shippers allowed to ship through this warehouse?—A. No, sir. There is no space.

Q. In other words, these three large shippers, and the Furness-Withy Company entered into an agreement with the Furness-Withy Company to lease it, and nobody should be allowed to ship through it but these three shippers.—A. Yes.

Q. This was fitted up by these three shippers, with their own personal capital?—A. Yes, sir.

Q. Your company did not put any money into it at all?—A. No, sir.

Q. What do you pay the city of St. John for this?—A. $100 a year.

Q. That is a pretty small rent?—A. It was to have been $1. If you will permit me to explain, this shed was in such a bad shape, and I pointed out that they were carrying it in a state of decay, and it would probably fall through and this was new business that nobody else would tackle, no other shipper in New Brunswick, and we conceived the idea of diverting potatoes from Boston to St. John. This was an opportunity of getting a frost proof shed, with a water front. These people had very considerable expense in refitting it and putting in heating appliances and making it fit for use.

Q. Did the Furness-Withy Company at that time know that the Government here had promised to put in a frost proof warehouse at St. John?—A. No, sir.

Q. Do you know if these three shippers did?—A. I do not.

Q. I do, because I had a lot of correspondence on it, and they were very anxious for the Government to do it, to begin with, and later they seemed to back up in their support. I wondered why at the time, but I found that it was for the purpose of cornering the potatoes, which they later did in 1922. —A. Yes, they were the only shippers then.

Q. These three men absolutely controlled the export trade to Cuba that winter.—A. No, sir.

Q. That is last winter?—A. No, sir; they had the greater portion of it, but the Canadian Pacific Railway last winter had a service line to Cuba.

Q. In 1922?—A. This is 1923—yes, in 1922. You remember, the Cicilian left St. John, voyage upon voyage.

Q. About three trips?—A. Yes, sometimes, I think, with as high as 8,000 or 10,000 barrels.

Q. It was very limited?—A. Yes. Of course, they loaded directly from the cars to the ship.

Q. What is your rate on potatoes to Cuba?—A. It varies. There is no fixed rate, it is an open market rate.

Q. From week to week?—A. No, from boat to boat, when we can fix a charter.

Q. How many sailings have you put out of St. John this winter?—A. We, I think, have had 18 boats· I have not the figures.

Q. You do not know the quantity of potatoes shipped out of there this winter?—A. Yes, 800,000 bushels, shipped from St. John this winter, up to the last sailing which was on the 4th of March, I think.

Q. That is, to Cuba?—A. Yes, sir.

Q. There has been another warehouse established to St. John for this purpose?—A. Yes, a very splendid one.

Q. By whom?—A. The Federal Government, I understand.

Q. And the other shippers are able to ship through it this year?—A. Yes, sir.

Q. Are you people handling all the potatoes shipped from St. John?—A. No, sir.

Q. Just handled through this Porter, Hatfield, Gallagher warehouse?—A. No, sir, also out of this government shed as well.

Q. You have not handled them all?—A. No, sir.

Q. You say there is no fixed rate; how is that arrived at?—A. We start out to charter a steamer.

Q. You do not own the steamships; they are not your boats?—A. No, sir, it is done mostly with foreign bottoms, Norwegian steamers, which are able to operate at lower costs than American or British steamers. They have lower wages and lower operating expenses and lower capital expenses, I believe.

Q. Shipping between the same two points?—A. These boats—I will explain —they are owned in Norway, Sweden, Denmark and the Scandinavian countries. They come to North America for a period and enter into an arrangement by a time charter. They will charter for maybe $1.40 a deadweight ton for a month, to certain companies in the United States or Great Britain, and these companies trade with them.

By Mr. Hammell:

Q. Mr. Ledingham, are these commonly known as tramp steamers?—A. Yes, small tramp steamers, because they only lift from 1,800 to 3,000 tons; they are small ships, net tonnage running from 900 to 1,200 or 1,300 tons.

By Mr. Caldwell:

Q. Have you had any correspondence with any department of the Government here with regard to no interference with your handling potatoes out of the port of St. John?

The CHAIRMAN: I did not catch that question.

By Mr. Caldwell:

Q. I asked if Mr. Ledingham or any member of the Furness-Withy Company has had any correspondence with the Government here, with any department of the Government here, asking that they would not interfere with these shipments out of St. John by the Furness-Withy Company?—A. I have no recollection of it.

Q. No recollection; you would not say this was not the case?—A. I am quite confident it is not the case. I would like to look further into it.

Q. I would like to read a paragraph from a letter here. This was from the Minister of Trade and Commerce, or a memorandum prepared for him by his Deputy Minister after consulting the Merchant Marine and the different shipping interests. It says:

> "Furness-Withy & Co. state that they have had considerable expense and trouble in working up this business to a position which would be considered best suited to both the growers and exporters of potatoes, and with their experience they have no doubt but that they can handle this business quite as competently as under any other arrangement which might be suggested."

I might say that at that time I had asked the Government to put on some of the Merchant Marine vessels.

Hon. Mr. SINCLAIR: What date is that?

Mr. CALDWELL: June 29, 1922. This was in reply to that letter, which would indicate to me that the Furness-Withy Company had been asking you to lay off.—A. I do not remember that, but I do know that I discussed the matter with different lines. I have discussed it with the agent of the Canadian Government Merchant Marine in St. John, and their experience with the line to Cuba had been so disastrous that they seemed to be quite willing to allow the business to go by the board.

Q. But that was not because the freight rate was too high, but because their steamers were held up by a strike in Cuba? We had that evidence the other day.—A. I know there was a strike in Cuba, but I did not know how it would affect the steamers.

Q. The fact is that at that time the traffic was very much smaller than it is now?—A. Yes, sir.

Q. The traffic has increased over 300 per cent since 1920, the time they were in the business?—A. Quite so, 300 per cent.

Q. Then you have conferred with the other shippers in regard to this matter of shipping potatoes out of St. John to Cuba; would you say there was a gentleman's agreement among you; for instance would you say that you had conferred with the different shippers regarding this matter, when possibly you would say something like this: if you take some other line, we will not interfere with you?—A. Nothing in that way.

Q. There was no gentleman's agreement that this was your preserve?—A. No, sir.

Q. You evidently had with the Government Marine?—A. No, sir.

Q. Is that not the meaning of this letter?—A. There was no agreement with us.

Q. But a request that you would lay off because they had spent a great deal of money in building up the business; the Canadian Government Merchant Marine had built up the business?—A. I beg to differ. We handled potatoes out of St. John to Cuba 17 or 18 years ago, before the Canadian Government Merchant Marine was ever heard of. Mr. Porter will tell you that his first experience was in our ships.

Q. The business was small, it was very limited?—A. The business was small, still we had full cargoes of potatoes out of St. John.

Q. In the winter of 1920 and 1921 the Merchant Marine did handle large quantities out of St. John?—A. Yes.

Q. And in 1922 they took their steamers off the run, when there was a high movement of potatoes?—A. Yes.

Q. They have none on this year, when the business was probably 300 per cent larger than it was last year?—A. None.

Q. You say there is no rate fixed out of St. John to Cuba; just how are your cargoes shipped; are you competing on a regular service there, so that any-shipper can come with 500 or 1,000 sacks?—A. Any shipper who will come to me and say that he will give us 10,000 to 12,000 as a minimum to Cuba if we secure him a ship, I will go on the market and try and get him a ship, if he supplies the cargo. But part lots are very unsatisfactory. All of you gentlemen might be potato shippers, and one might want 500, another 1,000 and another 2,000, and you may promise to supply those quantities. But we have found that very unsatisfactory; we do not like to deal in that manner.

Q. That was so in the early days, when the traffic was very small?—A. Yes.

Q. This year would you say that there would be any lack of cargo for one or two companies?—A. I think the cargo should be supplied, if selling arrangements can be made.

Q. What has been your experience this year; has there been plenty of cargo? A. The charter was fulfilled before any steamer of ours was put on the berth.

Q. How often have your vessels sailed out of St. John this season?—A. An average of ten days.

Q. Have you had plenty of cargo?—A. We always have our charters fulfilled.

Q. A man cannot ship from St. John to Cuba unless he charters a vessel? —A. No.

Q. There is no method by which a man can ship a thousand sacks say?—A. Not with us, unless he makes an arrangement with the charterer of the vessel.

Q. He buys the ship, the same as you might buy a house?—A. Yes.

Q. There is no business between St. John and Cuba?—A. Not at the present time.

By Mr. Hammell:

Q. What do they bring back from Cuba?—A. Cargoes of raw sugar.

By Mr. Caldwell:

Q. Is there a pretty good amount of return cargoes?—A. Generally the steamers are chartered for raw sugar for Atlantic coast ports; it may be sold in New York, Philadelphia, Halifax or St. John. A ship comes in with full cargo to St. John, and then goes out with a return cargo, which is a very desirable business. We go in ballast to St. John sometimes for holding.

Q. Have you had any requests for space from shippers who wanted less than a shipload?—A. Oh yes.

Q. When nothing could be secured?—A. There was no space to offer for less than shiploads. I would say a ship is chartered, and certain gentlemen if they come to you for space, you may be quite willing to give it.

Q. Do the other shippers allow you to ship small quantities upon their ships?—A. It has been done.

Q. Was it done this year, or last year?—A. Both.

Q. Very many times?—A. Not very many.

Q. About how many?—A. Not more than four or five.

Q. You know that these shippers you refer to have gone in with you, what we might call the Big Four?—A. I have never heard them so described.

Q. What other firms have you chartered vessels to from St. John to Cuba this year?—A. No others.

Q. That is, there is a close agreement between the three shippers you speak of and yourselves that you do their business exclusively; they give you their business exclusively, that is, they do not charter anyone else's vessels?—A. Yes, they will go on the New York market themselves. If they think the rate I give them is too high, they will have to take and charter a vessel for themselves.

Q. Have they done so this year?—A. Yes.

Q. On how many occasions?—A. One I know of particularly; there may be more, but I know of one particularly.

Q. About what date was that?—A. Early in the year.

Q. Did you have an agreement with them at the time you rented this warehouse first, that they would give you their business exclusively?—A. Certainly.

Q. A tight agreement entered into between you and them?—A. I would expect some return for the service.

Q. They have violated it how many times since?—A. Never.

Q. I thought they chartered one in New York?—A. But she was handled by ourselves.

Q. Then they did not decide to charter any vessels; in fact you do not probably own many of the vessels carrying that trade, but you charter them for the trade?—A. They went to New York and chartered the vessel; the vessel came to our consignees, we handled her and looked after the documenting of the ship in the usual manner; they effected the chartering themselves, but it was handled through us.

Q. How do you say you handled the ship?—A. They effected the charter directly themselves, not through us.

Q. That is a pretty fine distinction.—A. Absolutely no.

Q. Will you explain the method of getting that vessel; just what did you do?—A. We handled the ship.

Q. They handled the charter?—A. They handled the charter.

Q. I think the definition is so fine that we will not be able to see it.—A. I do not think so, Mr. Caldwell; it may be a little bit technical to our business. A charter might be arranged between either side of the globe.

Q. I do not know that it is a very material point, anyway. I think I have established what I want to upon that point, possibly. How many other firms are there shipping out of St. John this year, since they got the Government warehouse?—A. I don't know.

Q. Have you any record of anything else being shipped out of St. John?—A. I have no record, but I know some of the shippers; for instance, there is Mr. Estey.

Q. Estey, Smith?—A. Yes.

Q. Bell?—A. Yes.

Q. Johnston?—A. I don't know Mr. Johnston.

Q. He may not be known personally, but he has a company. These four have formed another shipping organization; no one of these gentlemen has chartered a vessel alone?—A. None of them are big enough to charter a vessel alone.

Q. Of the other four, is any one big enough to charter a vessel alone?—A. Yes, I think so.

Q. Has anyone outside of these people chartered a vessel, that you know of?—A. Yes, the Southgate Import and Export Company, a foreign company.

Q. Not a Canadan company?—A. No.

Q. Has any other Canadian shipper chartered a vessel out of St. John for Cuba?—A. I don't know.

Q. I think a man by the name of McKane did recently?—A. I believe so.

Q. The only shipper who has chartered a vessel alone for shipment from St. John?—A. Yes.

Q. Although there are a number of shippers in New Brunswick who would like to ship to Cuba?—A. No doubt.

Q. Do you know anything about the arrangement as to who a cargo was delivered to in Cuba?—A. I don't know their selling arrangements.

Q. You do know that there is a potato combine in Cuba?—A. I do.

Q. To whom the firms you are shipping for deliver their goods?—A. They are always telling me that they have to fight the combine, but whose combine it is I do not know.

By The Chairman:

Q. Do they use that argument when they want to get a vessel from you at a lower price?—A. Yes, when they want to get a lower price. They may have been fighting the combine, and then saying that they have to make a sacrifice.

By Mr. Caldwell:

Q. There is a combine?—A. There is a combine in Cuba. As you have said, there always has been in Cuba a combine in the potato business.

Q. You realize that there is a combine in New Brunswick in the potato business?—A. I do not.

Q. You said a moment ago that you did not know which combine I meant.—A. I did not catch you quickly enough upon that point. I meant that I did not know which combine it was. There are two combines in Cuba.

Q. There is one, that is an independent company, the firm you deliver for delivers to the combine?—A. I don't know.

Q. But suppose that is so?—A. They are going to deliver to those from whom they can get the most money for their potatoes.

Q. I have been informed, very credibly I believe, that the combine in Cuba refused to accept potatoes off your vessels in Cuba; if there are 500 sacks shipped to an independent shipper in Cuba, and your vessel must deliver to the combine in Cuba, possibly you do not know anything about it?—A. No, sir; I do not know anything about their selling arrangements.

Q. You do not charter a vessel to any other firm shipping out of New Brunswick except the firm known as Porter, Hatfield, Gallagher & Clark at the present time?—A. And Estey.

Q. But Estey is not in with Gallagher?—A. I think he is. He was in our office the other day with reference to a shipment on one of our steamers.

Q. I thought you told us a few minutes ago that you would not ship for Cuba without a combination of those four shippers?—A. I also told you that other shippers came in from time to time.

Q. Very recently?—A. Yes.

Q. They did not until a month ago?—A. About a month ago.

The CHAIRMAN: Are there any other questions anybody wishes to ask?

By Mr. Sales:

Q. How many lines of vessels are there out of St. John?—A. There is the Donaldson, the C.P.R., they have their individual lines to Liverpool, Southampton, Hamburg, London; then there is the Intercontinental Steamship Company going to London, Rotterdam and Hamburg.

Q. Never mind where they go, tell us the companies.—A. How many companies, do you mean?

Q. Yes.—A. About eight or nine.

Q. Do you have a little friendly gathering to discuss matters of interest?—A. No, sir.

Q. Not similar gatherings to those in Montreal?—A. No, sir.

APPENDIX No. 3

By Mr. Robinson:

Q. Do these boats go direct from St. John to Cuba; do they call at Nova Scotia ports?—A. No, sir.

By the Chairman:

Q. Are consignments made to different parts of Cuba, or is there a combine port?—A. I don't know; I cannot answer that question, but I can tell you that a ship would have numerous bills of lading, lots of 500 or 1,000 packages, consigned to order, advise, consigned to different consignees. Whether those consignees are members of a combine or an individual combine such as Mr. Caldwell states, I do not know.

By Mr. Sales:

Q. Do you receive any of the Atlantic Conference rates?—A. I get their freight sheets.

Q. That is what governs your rates?—A. On North Atlantic business.

Q. What governs the rates to Cuba?—A. There is no rate at all. The rate we can get on the open market is the rate that applies.

Q. You get nothing from the Gulf Conference?—A. Absolutely nothing.

By Mr. Caldwell:

Q. Are there any potatoes shipped out of any other port in Canada to Cuba except St. John?—A. Yes; Kingsport had two or three cargoes this year.

Q. But excepting Maritime Province ports?—A. No, sir.

Q. It is not a business that is competitive out of Montreal and other Canadian ports except the Maritime Provinces ports?—A. Potatoes move largely during the winter months, when the St. Lawrence is frozen up, and besides, the Province of Quebec has never to any extent exported to Cuba. I think that is peculiar to the Maritime Provinces, the export of potatoes to Cuba.

Q. How many ports are there in the Maritime Provinces with facilities for handling potatoes in winter?—A. I only know of one at the present time.

Q. Which one is that?—A. That is St. John.

Q. The shipment of potatoes to Cuba is practically confined to St. John, in the winter months?—A. Yes.

Q. From Kingsport it is confined to the early fall?—A. Yes, but we have sent potatoes in frost-proof compartments, the same as apples are shipped at the present time.

Q. But that is costly?—A. Yes.

Q. A ship would have to pay a lot of demurrage at the docks before shipment?—A. Not necessarily, if your ship is not late. It is not as quick as taking flour from sheds, but it is done, and has been done from Halifax for years.

Q. But not nearly as convenient.—A. Not nearly as convenient.

Q. It is more costly?—A. Yes.

Q. I would like to make this one point. Potatoes I suppose arriving in the course of cold weather are apt to be more or less frozen, but it will not show up until the potatoes get into a heated place, when they begin to "weep", as we call it?—A. Yes.

Q. You might have shipped a load or a cargo of partly chilled stuff?—A. Yes.

By Mr. Robinson:

Q. Does your line carry potatoes from Kingsport to Cuba?—A. No, sir.

Q. Is the rate the same as the rate from St. John?—A. Whatever rate they can get on open freight cargoes this year. It was 75 or 80 cents. They go out to charter a ship, and whatever rate they can get they take.

Q. It should be about the same, for the reason that the port dues at Kingsport are lighter than St. John, but on the other hand the ship is liable to cost a crew at Kingsport, and some shippers do not want that.

Q. The line you represent, the Furness-Withy Company, have no lines to the West Indies?—A.—Or to Cuba.

By Mr. Sales:

Q. You are an agent?—A. I am a chartering broker.

By Mr. Caldwell:

Q. Have you found this potato business profitable from St. John to Cuba? —A. Yes. We would have put it off if it was not profitable.

Q. What was the rate?—A. It was seventy cents, and now it is sixty cents a barrel of 180 pounds.

Q. How long did it remain at seventy cents?—A. For the first two or three steamers.

Q. What brought it down?—A. The competition. The different ship charterers had ships to offer.

Q. The Southgate people brought it down?—A. I have no recollection of that.

Q. In competing for cargo, did they not offer to carry under seventy, and you came down?—A. Perhaps so. We do not have to fix the rate. I have to go to the ship and find what it will offer to load a cargo at.

Q. You charge the shipper enough to make your profit?—A. No, sir; there is no increase.

Q. Where do you get your profit?—A. I am on commission.

Q. From whom?—A. The time charterer for the time being; he charters for a period of three or four months.

Q. Your commission is included in his price to the shipper?—A. Yes. The shipper pays us nothing.

Q. It comes out of the price of the freight he pays to the time charterer? —A. Yes.

By the Chairman:

Q. The same as if a man sold a house, the owner would pay him a commission?—A. Quite the same, if I negotiated the transaction.

Q. What other ports have you had charters out of?—A. At Charlottetown we had two charters this fall.

By Hon. Mr. Sinclair:

Q. Who were your clients?—A. Mr. Porter was one, and he with his associates the other.

Q. You do not know who the associates were?—A. Messrs. Porter, Hatfield and Gallagher. They went over and bought this cargo in the Island, having their own selling arrangements in the Island. They shipped the cargo down there, and I presume made a profit. I think the rate was 85 cents; the ship had further to go, she had to go up around the Cape or to Canso, and find her way into the port, probably two or three days running, which necessarily increases the cost of carriage.

The CHAIRMAN: Any other questions?

By Mr. Gardiner:

Q. Would it be possible for an association of growers to charter a vessel through your firm?—A. Yes, sir.

Q. There would be no difficulty in the way of these growers shipping their own potatoes to Cuba?—A. If they can guarantee the quantities to satisfy the charter requirements, they will have a chance.

By Hon. Mr. Sinclair:

Q. Did you have applications from other parties for those charters that you spoke of?—A. No, sir, only Mr. Porter.

C. B. WATTS, called, sworn and examined.

By the Chairman:

Q. Mr. Watts, what is your full name?—A. Charles Brook Watts.

Q. What position do you occupy?—A. I am Secretary of the Dominion Millers' Association.

Q. Mr. Watts, we are investigating agricultural conditions in Canada, and we understand you have some matters which you would like to put before us. As we have a great number of witnesses to hear, we would be glad if you would address yourself to those aspects of the subject which more nearly concern the Committee as investigators of agricultural conditions. You wish to make a statement, do you not?—A. Yes, sir. The matter that more nearly affects the millers, and the close association of the millers' interests with the farmers, I have always contended have been so interwoven that you could not seriously injure one without injuring the other, which makes the matter we wish to bring before the Committee, namely, the export of flour, a matter of great importance to the agricultural community. The evidence which has been brought out before you this last day or two shows that there is a combine on the ocean against the shipment of flour as well as other articles that is affecting the citizens of Canada.

In the year 1913 Sir Henry Drayton was appointed a Commissioner by the Government to investigate this matter, and in the same year he made a report in which he said, at page 10: "The confederate lines can make a rate and extinguish the traffic." Our contention is that that has been the effect on the flour business, to a certain extent. I have in my hand a statement which we presented to the Government in 1914, in connection with this matter. It shows that up until the year 1913—

Q. Excuse me, Mr. Watts; unless it is necessary for you in the course of your argument to bring in what happened in 1914, I would suggest that time might be saved if you would address yourself more to the present condition. If it is necessary for the purpose of your argument, I do not want to interrupt you.—A. —I was going to show that previous to 1913 there was no combination against the shipment of flour to the Ukay, that up until that date the differential or the arbitrary on flour was under three cents per hundred pounds. In 1913 they made a combination against flour while wheat was free, which made the arbitrary ten cents per hundred pounds.

Q. What is that?—A. The difference between wheat and flour, the differential, or whatever you choose to call it. At that time, to show you that the combination was only in regard to British steamships, the North Atlantic Conference rate on flour to Rotterdam was ten cents, and on wheat it was ten cents, no arbitrary at all. And the rate on wheat was ten cents, and on flour it was eleven cents, an arbitrary of one cent.

Q. That was in 1913?—A. That was in 1913, showing that there was a combination against Canada and Great Britain in those steamships on that service.

By Hon. Mr. Sinclair:

Q. What was the corresponding rate to Great Britain at the time of which you speak?—A. The average in 1913 on wheat was 9·98, and on flour it was 17 cents.

By the Chairman:

Q. But they were carrying flour and wheat at the same price to Continental ports?—A. Yes, or a one cent spread only. Not only was that true on our shipments that way, but it was also true of shipments coming this way. I will file with you a part of the evidence which was prepared by the Associated Boards of Trade in Ontario; if you choose to read it, you will see that shipments could be made from Switzerland all the way through to Canada at less than they could be shipped from Great Britain to Canada, paying the inland freights as well as the outside freights.

By Dr. McKay:

Q. Shipments of flour?—A. No, shipments of furs and that sort of thing, goods made in Austria and Switzerland.

By the Chairman:

Q. Was this prepared by yourself, or are you prepared to vouch for the accuracy of it?—A. This was prepared from figures supplied by myself.

Q. Were your facts challenged at that time by the opposing interests?—A. No, sir. There is just one word more in regard to that feature of it, and that is this, that we found at that same time (this is 1914, at the time we were presenting this special case, because I followed it up during the whole of the summer of 1914) that Montreal was discriminated against. The rate on wheat at that time from Montreal was 9·37 cents, while from New York it was 6·12 cents, or higher from Montreal by 3¼ cents per hundred pounds. The combine on the ocean took for its foreign shareholders the lower lake rates from Fort William to Montreal, which were 8·7 cents per hundred pounds as against 12·5 cents per hundred pounds to New York.

Q. I do not wish to advance your argument too much, but your recommendation at that time was that we should have a Government Merchant Marine which would protect us from that sort of thing?—A. Yes. The child has killed its parent—or tried to.

Q. The parent is alive and kicking.—A. Just one word more, Mr. Chairman, and I will leave this ancient history, that is, that at that time we—I am speaking of the Government now—had spent, not taking the canals at all, but taking the National Transcontinental, bonuses to the Canadian Northern Railway, the Hudson Bay Railway, and the estimated cost of the Welland Canal, we had spent $223,000,000 to reach the seaboard, from which they did not expect any return whatever except in the indirect benefit to the farmers and the citizens of Canada. What we felt and what we feel to-day is this, that the Government could well afford to have spent then, as we asked, only $2,500,000 to build ten ships.

Q. We spent about $70,000,000 to build eighty ships, and you saw the effect of it?—A. Yes. The contention is simply this, Mr. Chairman, that these Government ships should be used in Canada in exactly the same way as Government ships are used in the United States, to break the combine and to make fair rates for Canadian produce and Canadian industries. That is our contention pure and simple, neither more nor less.

By Hon. Mr. Tolmie:

Q. Can you tell us, Mr. Watts, in what way the United States is breaking the combine, and what effect it is having?—A. I will come to that a little later on. I will be quite prepared to answer it, but I might have to answer it twice.

This is a question of great importance to the farmer, as was shown in 1915. when a deputation from our Association waited on the Government in reference to ocean tonnage, and Sir George Foster at that time (of course it was during the

war) said this to us: "The farmers of Canada might be unable to sell their wheat this fall if Great Britain does not supply ships to carry it."

Think of it, Mr. Chairman; in 1915 the farmers of Canada might have been unable to sell their wheat if Great Britain did not supply the ships to carry it. That was a first-class excuse no doubt for spending the money, no matter how recklessly it was spent—and I am free to confess that it was.

In 1917 I want to show you the way this combine worked. In 1917 the British Government requisitioned 85 per cent of the space on the boats to carry from Canada; they fixed a rate on wheat of 40 cents per hundred pounds, and fixed a rate as the boats understood it and as we understood it of fifty cents on flour, so as to allow wheat to go as well as flour, which they needed. That stood a short time, a month or six weeks, when the boats seemed to awake to the fact that on flour it was not mandatory. What was the result of that? They shoved the arbitrary up from ten cents to between sixty and seventy cents per hundred pounds, with the result that we received a cable from Premier Borden, who was then in London, which said that British buyers were anxious for flour to move wheat at 40 cents per hundred pounds and flour at 50 cents. Those ships shoved the rate up against flour when they found that the British Government had not absolutely fixed that rate at 50 cents, as they supposed it was.

Of course we have to realize, gentlemen, that these ships belong to British shareholders, and I have little doubt but what some of the big millers in Great Britain are large shareholders in those companies that operate the ships, and naturally they are going to take every means to break any move against wheat and bring in wheat as raw material. We cannot blame them, but it is up to us to protect ourselves.

That brings us down to the time when the Government, through the Board of Grain Supervisors and the Wheat Export Company, being buyers for the foreign Governments, the Canadian Wheat Board absolutely controlled the handling of wheat and flour, and the millers therefore had no say or interest in the matter. We were in the allied movement through the Wheat Export Company, and the allied Governments bought our flour and arranged rates on the ocean, so that we had no interest from that time on. It went along until 1920. In 1920 we again had trouble with them, and in June we took the matter up with the Government again. We had a conference with the Minister of Trade and Commerce, at which we pointed out the difficulty we were in, and he promised to arrange a conference with the vessel agents, which he did. That conference was held in Ottawa. We pointed out that the discrimination against flour at that time was 25 cents a barrel, or equal to a bonus to the British miller of 67½ cents a barrel of protection, or whatever you choose to call it, after we had given a shipment of flour to Great Britain. At that conference the vessel men said, "Well we will make a reduction from 25c to 15c". 10c. Mr. Black, who represented the Ogilvie Flour Mills Company, was present, and he said that this reduction was absolutely no use. That such a rate meant that half the capacity of his mills would be closed down. Now, there is another thing I want to draw your attention to in that ocean combine. Mr. Black further stated that he had an inquiry for 20 thousand tons of flour equal to 200 thousand barrels for South Africa, and the best ocean rate he could get was $2.76 per barrel from the Elder-Dempster Line. The Natal Government, who were the buyer of the flour contracted with the same Line for the flour at $1.18 per barrel or $1.58 less than they asked Mr. Black. Can you conceive of such a state of affairs, gentlemen? That an ocean steamer running from this country should ask the Canadians $2.76 and turn around and contract that same freight direct to the very parties that were buying the flour at $1.18, or a great deal less than half of what they asked. The result of this was that we came to the Cabinet. We

were not satisfied to be placed and left in this position, so we came to the Cabinet and they arranged a conference with all the representatives of the Steamships, Col. Gear being the spokesman for them on that occasion.

By the Chairman:

Q. That is the Reford Line.—A. He is, I believe, the manager of the Reford Lines. And he pointed out at that time two facts. I don't want to repeat myself, so I wont go over the other.

The CHAIRMAN: That is right sir.

A. But Sir Henry Drayton was there as one of the gentlemen, and he again called the attention of the representatives of the steamship companies that they were a combine, in spite of their assertions to the contrary and moreover that they were able to make such rates as would extinguish the traffic, and as he had this fact before him in the case of Mr. Black and the Elder-Dempster Line he said they certainly should extinguish the traffic as far as that shipment was concerned. We called the attention of the Government to this fact, that on the 2nd October, 1920, we were quoted a rate of 45c on flour from Boston to Rotterdam, while at the same time they asked 65c on flour from Montreal to U. K. ports.

By the Chairman:

Q. What year was that?—A. October 2nd, 1920. They asked from Boston to Rotterdam 45c on flour and at the same time they asked 65c from Montreal to the U. K., showing a combination or arrangement to the U. K. and a freedom of shipment to Rotterdam and continental ports, or a discrimination of 45 per cent against shipments to Great Britain, in favour of shipments to the continent.

Q. Do you know, Mr. Watts, whether at that time they had their regular Tuesday afternoon meetings.—A. They had conferences with New York, and I am very glad you asked the question because, at the meeting before the Cabinet Mr. Gear told the Cabinet—and you will find that is all taken in shorthand.

Q. We will take it for granted that anything you tell us is absolutely correct.—A. Mr. Gear told the members of the Cabinet that they always took care in arranging the rates with New York that the Canadian miller got the same rates as the United States millers. We will see how that works out just shortly. While you already have it brought to your attention, I want to draw your attention to this just at the moment, because this was brought before the Cabinet, that the average quantity of bran and shorts from flour shipped for export during the 5 years previous to August, 1920, totalled 323,500 tons a year, so you see what a serious loss that would be to the livestock men and the dairy men. Now you wonder what the result of that conference that we had with the Cabinet in August 1920 was, which we carried up to October. Getting no reply we asked Sir George Foster if he could not give us an immediate answer and he said information was being sought from the Canadian Government Merchant Marine. However some result did follow, because at that time the United States Shipping Board came into action, and I wired the Government that they had made a reduction, so that the arbitrary differential against flour over wheat was only 5c in the United States.

Q. I will ask you a question here. Is that difference of 5c enough to provide for the increase of cost in handling flour as opposed to wheat? Is it enough to provide for the increased cost of handling flour as opposed to wheat? I take it it costs the transportation company more to handle flour than it does to handle wheat. Is that 5c sufficient to cover that difference?—A. No. If you ask me the question plump and plain, covering the handling and the space it occupies, no,

but here is this difficulty, Mr. Chairman, that no commodity is carried on that basis, that I know of.

Q. The making of freight rates is certainly a great mystery, Mr. Watts. —A. I will give you an illustration of that at the present moment and that is this, that over this continent flour is carried at 1 cent per hundred over wheat on the railroads, except in Ontario and Quebec.

Q. Do you know why they make an exception of Ontario and Quebec?—A. That is one of the mysteries.

Q. You say everywhere in Canada flour is carried at 1 cent per hundred over wheat. A. The whole continent of North America, our own railways and the United States, at 1 cent per hundred higher than the export rate on wheat, for export. In Ontario and Quebec it is over 5 cents per hundred pounds that is, the rate on wheat ex lakes.

By Mr. Sales:

Q. That only applies to flour for export, not for domestic consumption? —A. Yes.

Q. Did you mean, going back to that 323,500 tons your argument is to grind more wheat in Canada so that we can have the feed at home?—A. Yes.

Q. Why did not the Canadian farmer buy this 323,500 tons?—A. He did buy a large portion of it.

Q. You said this was exported?—A. No, the flour was exported, and the bran and shorts left here.

Q. I thought you said that was the loss every year.—A. That would be, if there was no flour exported.

Q. There were no bran or shorts exported in that way?—A. I replied there was but only in small quantities. There are certain times of the year when farmers of Canada have their own feed, all the green feed and they will not buy bran and shorts. If the farmers will not buy them here they have to be exported either to the United States or abroad and it mostly goes to the United States. Why? Because bran and shorts will not keep in the hot weather. I have had bran in our bins 35 years ago got so caked that we had to dig it out, so there are certain times of the year when the bran and shorts must be exported. Bran and shorts are very bulky things, and mills with large capacities have not got the storage room to keep them. Every miller would keep all the bran and shorts he could because every season there is an increase in the business, as is naturally expected but he cannot keep beyond his storage capacity, and the very minute he gets his storage capacity full he is going to sell them out and if the farmers will not buy them at home the only thing he can do is to export them.

By Mr. Caldwell:

Q. Was there not a time within the last 5 years that in order for the farmers to get bran and shorts in eastern Canada they had to take so much flour. They had to overstock with flour in order to get the bran and shorts they needed?—A. That was the very unfortunate position. You realize of course you cannot get bran and shorts without making flour. Now, we have to get rid of our flour or else we have to stop grinding. We are willing to get rid of our flour on an export basis at a very low cost.

Q. Why did that condition obtain at that time?—A. Because there was a big enough export of flour to provide the necessary bran and shorts that there was a demand for. Another reason was this, that the arbitrary fixing of the price of bran and shorts—I forget whether it was the Wheat Board or what

Board it was, but it was fixed below the value of oats and corn and other things that way, so naturally the farmer wanted to get all the bran and shorts he could. Therefore he wanted less bran and shorts to fill the demand and in order to make some bran and shorts we had to make flour, and the rule was made by some of the mills that you would have to take 100 bags of flour or whatever it may be. They would say, "We cannot give you bran and shorts without we make flour."

By Mr. Sales:

Q. Are bran and shorts carried from the West on an export rate like flour. You say flour is carried at 1 cent a bushel practically over wheat.—A. 1 cent a hundred. Bran and shorts are all the same. It is grinding the grain product.

Q. Carried for export?—A. Oh, yes. The same thing exactly.

Q. Does not that discriminate against the farmer in the West, who wants to get bran and shorts?—A. No, it is at the same rate.

By the Chairman:

Q. Only for export?—A. It is carried for local the same way.

By Mr. Clifford:

Q. Are you sure of that?—A. Yes, sure. The milling transit carries both.

Q. It is not the same rate on apples?—A. I cannot say anything about apples. You don't grind apples in transit.

By Mr. Sales:

Q. You said this 1 cent per hundred applied for export?—A. Yes. It is both the same on the domestic.

Q. The same on bran and shorts for export?—A. Yes but I never knew of any bran and shorts for export going to the old country but they are going to the States.

Q. When you speak of one cent on bran and flour does that apply for any given distance?—A. It is the grinding in transit, on the stop over charge.

Q. You say the difference in freight on wheat of 1 cent a hundred, is that for a given distance or for the whole distance, from the point of shipping to the seaboard.

By Hon. Mr. Sinclair:

Q. Is that what you pay for the stop over privileges, that 1 cent a hundred? —A. No, we pay that in addition.

By the Chairman:

Q. I think it is a little confused. Clear it up?—A. You are asking for the rate for export. This rate is for foreign export of flour, that 1 cent is added, and moreover the point the Chairman was raising, for the extra cost of handling them at the seaboard. As a matter of fact the agent of the C.P.R., the foreign freight agent of the C.P.R. said it cost 2½ cents per hundred pounds to handle flour at the seaboard but they are only charging 1 cent per hundred pounds.

By Mr. Caldwell:

Q. 2½ cents more than it does to handle 100 pounds of wheat?—A. No, because that is paid in another way. It costs 2½ cents a hundred pounds to handle it but they are charging only 1 cent a hundred pounds to handle it.

That shows that under certain conditions they handle at less than what they call actual cost.

The CHAIRMAN: Mr. Bouchard has suggested that it might be better to let the witness complete his statement and then examine him. I think Mr. Bouchard is possibly right. If it is the will of the Committee I will ask the witness to proceed with his statement and we will question him afterwards. It is not because we do not like listening to you. It is on account of our time being limited. Just direct your attention to the salient features, just on what took place, if you would be so good?—A. I want Mr. Sales to appreciate this point. When I said bran and shorts were the same for export, I cannot say as to that so far as foreign export is concerned, that is, across the ocean, because I don't know of any exporting that way, but it is the same to the United States but there is not any 1 cent arbitrary freight—

By Mr. Sales:

Q. We will come back to that western mills question later.—A. On October 30, in reply to my telegram pointing out the United States Shipping Board had reduced the rate and it was only 5 cents over, I got a reply on November 2 that the Canadian National Railways state "A differential of 5 cents between flour and wheat has been established for the months of October, November and December. This means that the flour will be 45 cents." Flour in sacks. That is, it had been 50 before. It was now down to 45. That remains alright, then some differential of 5 cents over wheat until June 1921, where we took up the matter again, the government pointing out that the flour shipped from Canada was being discriminated against in favour of the United States, and on the 16th of July I got this reply: "The Canadian Government Merchant Marine inform me that the United States Shipping Board without consulting the British Lines, reduced the rates on cereals by 8 cents per 100 pounds. This reduction was met by the British Lines including the Canadian Government Merchant Marine, so that so far as Canada is concerned the shippers suffered no disadvantage." Up until June 1921 flour was carried from Canadian ports at exactly the same as American ports, but in 1922 the condition of affairs came about that was pointed out yesterday, that the United States mills were able to get their flour carried at 19 cents per 100 pounds, while flour ground in Canada had to pay 24 cents per 100 pounds. Up until that time, if you notice, and straight along after, we protested that Canadian flour was carried at the same rate as Americaan flour from United Staets ports. I never heard of such a thing as discrimination in my 30 years' experience until just lately but after the protest, as it came out apparently in the evidence of the other day, the Canadian shippers no longer used flour carried from the United States ports at the same rate as American flour, but there is discrimination to-day of 5 cents per 100 pounds. I will file with you the "Barr service" who are brokers in New York, and we contract straight through and use the rates. The rates are 14 cents to London, Liverpool and Manchester, 15 cents to Glasgow and so on, and rule 2: "This rate applies on United States flour only, Canadian flour 19 cents per 100 pounds, Canadian currency." To Aberdeen the rate is 18 cents from United States ports on United States flour and on Canadian flour 22 cents, Canadian currency.

Q. This is produced as Exhibit No. 10. What is this Barr Service?—A. They are a large brokerage firm in the United States. They attend to a great deal of ocean shipping booking.

Q. Have you any doubt as to the accuracy and truth of the statements made in this?—A. I know they are correct because we are shipping in that way, and have had refusals in that way.

By Mr. Hammell:

Q. Yesterday we were told by one of the witnesses—I belive it was Mr. Cunningham—that this difference was accounted for by the Canadian exchange. —A. Absolutely untrue, because when Canadian exchange was par a couple of months ago the rates were exactly as they are now, a discrimination of 4 or 5 cents.

Q. Canadian exchange has been at par for some considerable time.—A. There is now a discount of 1 per cent to-day, but 1 per cent on that, if you will notice, is less than ½ cent a 100 pounds. That will not account for 4 or 5 cents a hundred.

By the Chairman:

Q. I understood Mr. Cunningham said it would account for the difference some years ago, when I was drawing attention to some interchange of telegrams. That is my recollection.

By Mr. Hammell:

Q. Mr. Watts tells us the difference did not exist until 1922.—A. That is when that came in.

By the Chairman:

Q. There was a discount against our money in 1920.—A. There was a discount against our money at one time of as much as 18 per cent, but then that was not a factor.

By Mr. Hammell:

Q. There was no difference in the freight rate at that time.—A. It was all under the Allied Governments. We did not know anything about the rates in those days. Just one factor more in connection with that, and that is, I want to point out that the mills in Ontario and Quebec that are referred to there are at an additional handicap, not only have they to pay higher freight rates on those boats of 4 or 5 cents, coming from Canadian points, including Boston and Portland, but the mills in Ontario and Quebec grinding wheat ex lake have to pay 5 cents per hundred pounds more than the export wheat rate, whereas the mills in Buffalo only pay 1 cent per hundred pounds more, in fact less than 1 cent, in fact .83 cents. The mills in this country are in this position they have to pay 5 cents a 100 pounds more on rail; they have to pay 5 cents a 100 pounds on the ocean, or 10 cents a 100 or 20 cents a barrel more on flour than on wheat. I will file with you for illustration a copy of a letter that I wrote Sir Henry Thornton on the 5th January, pointing out the effect of this. This letter reads:—

EXHIBIT NO. 11

Jan. 5, 1923.

Major-General Sir Henry Worth Thornton, K.B.E.,
President, Canadian National Railways,
Ottawa, Can.

Dear Sir,—Enclosed I hand you statement of the Lake Shippers Clearance Association, Fort William, showing destination of cargoes from August 1st to the close of navigation.

Also, statement of grain shipments for the past twelve years, shipped to Canadian Ports and U. S. Ports, which may be of interest to you.

APPENDIX No. 3

The following figures taken from the report are rather significant:
Total grain shipped from August 1 to December 17:—

To U.S. Ports	123,387,000
To Port Huron (Canadian National, G.T.R. would handle this)	3,758,000
Handling lost to Canadian railroads	119,629,000
Shipped to Grand Trunk points, Collingwood, etc.	19,540,000
Say, half Goderich receipts	7,165,000
Add Port Huron receipts	3,758,000
Total Canadian National might handle	30,463,000
Against to Buffalo alone	90,401,000

The following figures showing shipments of wheat to Canadian Ports and U.S. Ports from 1918 are instructive:—

	To Canadian Ports	To U.S. Ports
1918	61,630,000	2,205,000
1919	89,070,000	5,103,000
1920	58,907,000	57,959,000
1921	76,237,000	85,024,000
1922	107,173,000	129,852,000

The congestion in shipping through Montreal was one of the big causes of the big increase in shipments through U.S. Ports.

Yours very truly."

The above letter filed as Exhibit No. 11. These figures are taken from the official reports of the late shipper's clearance association. This letter was written on the 5th of January by myself to Sir Henry Drayton. In conclusion I just want to say that this country has spent hundreds of millions of dollars in providing canals and other means of transportation, from which we get no return directly and it seems to us that we have spent a large sum on the construction of ships and that ships should be used to protect the markets of Canada. In the same way we have spent money to protect the interests of Canada in the matter of transportation, and the mere fact that they come into competition with regular liners seems to cut no figure. In our calculations we did not consider what effect it was going to have on the United States and it seems to me those ships should be used in identically the same way that the United States Shiping Board used their ships. They used them to compel the North Atlantic combine to carry flour at a reasonable rate over wheat, and the combine protested but the United States Shipping Board held to their guns and they come down to five cents. Our government ships went in with the combine and we have stayed in the air ever since.

By Mr. McKay:

Q. Did the United States Shipping Board treat all the ships of the United States in just the same way as we do?—A. A certain number of them belong to the United States.

By Mr. Sales:

Q. Is it a fact that they are disposing of their ships now?—A. Yes.
Q. Going out of business?—A. Yes.

Q. So that the American miller will be left at the mercy of the combine, just as you are?—A. If they get rid of all their ships.

By Mr. Bouchard:

Q. Is there any reason for this discrimination in our flour? What reason do they give for the discrimination?

By the Chairman:

Q. What reason do they give for this discrimination against our flour? It was answered yesterday by Mr. Cunningham. He said the rate was so low he did not think it was necessary to go lower because it was already on a non-commercial basis. What do you think about that? Do you think they can carry flour for 14 or 15 cents a hundred over to the Old Country and make money?—A. Those ships don't carry flour alone. They all carry but there is other freight at the same time. Grain is a different matter. The reason grain rates are brought down is that they come in competition with the tramp steamers. The tramp steamers are what has caused the reduction in the grain rates, both here and in the United States, but the liners have a monopoly and therefore they say, "We don't have to come down. We won't come down." And they would not come down if the United States government had not used their ships as a whip to make them come down.

Q. What would you think of a rate of 15 cents per 100 pounds for flour? Is it a fair rate? Is it a rate which you think would offer an adequate revenue to the steamships?—A. I am not a steamship man and I could not answer the question. I just simply say this, that they had much better carry it at 15 cents than not carry at all. That is the position. Take the illustration you had yesterday. They were not getting the freight. To-day the vast amount of flour that is being shipped out of this country is being shipped by New York. There is so much feeling among the millers of the unjust manner in which they are treated that if they can ship anything by American lines they are doing it and are going to do it because they feel they are being taken by the throat and not treated fairly by the Canadian lines. I will just show you the effect of that in one moment. All the wheat practically that our mills in Ontario and Quebec have ground during this winter has come all rail from Fort William and they are only paying 1 cent per 100 pounds over the wheat rate on that for export. Now, then, in other words, the railroad wants five cents to take the stuff from the lakes, but the mills cannot pay it. What is the effect of this? The Canadian roads are not getting the business, and are handing over part of their earnings, to the American roads when it should go to our roads, by St. John and Portland. The stuff is going by New York, and New York is the dearest port there is on this continent to handle stuff at the terminals.

By the Chairman:

Q. New York is?—A. Yes, far dearer than Montreal or Portland or West St. John, and yet our railroads, owing to their policy, are forcing the millers to send all their stuff by the dearest line. That gives the least money to the Canadian railroads, and the American railroads are getting it.

Q. And you do that because you are mad at the Canadian railroads?—A. Because we feel that we are being unjustly treated.

Q. I should not say mad, I should say righteously indignant.—A. Yes.

Q. Tell us what this Dominion Millers' Association is.—A. The Dominion Millers' Association was formed as a co-operative body in 1891 by the organization of the millers in Canada, that is in the East, to fight the discrimination which at that time existed in the duties in this country. They were

allowed to send flour into Canada on a basis of 50 cents a barrel, whereas the duty on wheat coming into Canada was equivalent to 75 cents.

Q. Was the genesis of your organization a desire to raise prices?—A. No, sir.

Q. Was it a desire to raise duties?—A. That was one of the things, to protect ourselves, against the importation of flour.

Q. The desire to restrict competition?—A. No, sir, except foreign competition, which we do not think there was any need for.

Q. Does that include all the millers of Canada now?—A. No, sir, we are dying out now. The big millers will not have anything to do with us, because, as one of them said a few years ago, "If it had not been for you, Watts, we would have killed all the small millers twenty years ago."

Q. You are a combination of the smaller mills?—A. Yes.

Q. Mostly situated in what provinces?—A. Ontario, almost all; we have some in Quebec, but we have none in the West.

Q. Do you attempt to fix prices in any way?—A. No, sir.

Q. Do you attempt to fix what you pay for the wheat, in any way?—A. Not in any shape or form.

Q. The purchase of your raw material is left to the individual bargaining of each individual?—A. Yes, sir.

Q. And the sale of their product is left to the individual salesmanship of every individual mill; is that right?—A. Absolutely.

By Mr. Sales:

Q. I thought you were the central buyer?—A. Yes, sir, as a broker.

Q. Then, it is not left to the individual mills.—A. Yes, they can buy through me, and pay brokerage.

By the Chairman:

Q. Who makes the bargain?—A. The miller buying says the price he wants to pay.

Q. You are like a broker on a stock exchange?—A. A broker, pure and simple.

Q. Do you sell the product, too?—A. No, sir, we have an export branch that I formed in, I think, 1917, when the British Government buyers said they could not buy from the small mills, so I formed the Canadian Flour Export Company, to handle the flour for all the small mills. There are about 80 mills in that organization.

Q. Where is you head office?—A. Toronto.

By Hon. Mr. Sinclair:

Q. Where are these mills located?—A. Throughout Ontario, and one or two in Quebec.

By Mr. Milne:

Q. About what percentage of the flour do you represent?—A. Our capacity is about 8,000 barrels I think.

Q. What percentage is that of the whole?—A. That would be only about in the neighbourhood of about 15 per cent, I would think. That is, of the whole Canadian business.

By Mr. Sales:

Q. You spoke of grinding at a very low cost for export business. Do you mean you lose money on that export business?—A. Yes, that is, in this way. Anything that we get from our export business helps to go and meet our overhead.

Q. You sell flour in the Old Country at a lower price than here?—A. Absolutely, relatively, in this way. We will say that it costs 50 cents to make a barrel of flour, if we are running full time. If we are only running half time, we will say it costs $1 a barrel to make that. Our domestic trade will only run us, we will say, 50 per cent of our time. Then there is 50 per cent of our time which would be idle, and if we were idle that time, it costs us $1 a barrel, and we would have to sell it on that basis, so if we can run the balance of our time on anything at all, it is that much money to the good for our overhead costs.

Q. You ship the same grade of flour there, as you use here?—A. We do, exactly.

Q. I have something here which gives figures.—A. When I say exactly, I am speaking generally; there may be an odd mill that makes a little different.

By the Chairman:

Q. On the whole?—A. On the whole.

By Mr. Sales:

Q. This quotes 1913, which is a long way back, of course, but the situation still exists. "Winnipeg, $5.60; Montreal, $5.90; London, $4.25."—A. Excuse me, are you quoting—what grade of flour?

Q. This is flour priced in Montreal, $5.70, and in London, $3.99. That is on October 8th.—A. That may possibly be from big mills. The big mills make their flour entirely different. The big mills, in making the flour they sell here, these qualities like Western Canada, Lake of the Woods, and so on, make a high patent flour, and they take off a low grade, that is the usual term, but it is a first clear, or second clear, as it is called in the United States, that is the lower part. That flour is sold at a great deal less, and it is generally that class of flour that these mills export.

Q. What does "spring patent" mean?—A. That, for export, is a rather broad term. For instance, speaking of American mills, I see some of the big mills make under the same brand about 20 different qualities. The spring patent may be a 90 percent patent; that is what we would call it here in Ontario, we would call ours a spring patent. As a matter of fact, there is only about two per cent or two and a half per cent low grade taken off. Other people would call a spring patent up as high as 25 per cent or 30 per cent patent. It is the brand that determines it in all these big mills, the quality.

Q. Take your own brand.—A. Our own brand is a spring patent, if you choose to call it that. We call it a straight.

Q. Have you sold that this season at less in England than you have here? —A. No question about it, because we are simply an export house, that is our export business. We do not sell anything here.

Q. Do you consider that your small mills are under any disadvantage as compared with the big mills?

The CHAIRMAN: Not so far as their secretary is concerned, anyway.

Mr. SALES: He is very able.

The WITNESS: We are not, in one sense of the word, we are not under any disadvantage excepting, of course, the big mills in the West have a big advantage over us in the East.

By Mr. Sales:

Q. In what way?—A. They have the wheat that comes to their elevators, and what they buy there, as well as when it comes to the mills, they are able to select all the best cars of wheat, and any that they do not think are right top notch, they can send them to the public elevators at Fort William, and we, unfortunately, get it down here.

Q. What do you mean by "comes to their mills." Take the Quaker Oats, for instance, in Saskatoon; what would come to their mills?—A. They would buy stuff West of them, for instance, and that would be shipped to their mill there, and their sampler would draw the samples and send them to the chemist, and the chemist would say that this was all right and that was all right, but that has too much moisture in it, and that other is inferior, and they would just take and let those go on to Fort William.

Q. What do they pay for that privilege?—A. One cent per hundred pounds.

Q. On all the cars stopped in their yards?—A. Yes.

Q. Then your statement is to the effect that the Western miller is skimming the best quality of our wheat in the West?—A. All the wheat that comes to him. There is a lot of wheat that comes directly to the elevators, that does not go to the millers at all, but all the wheat that comes to them they skim, undoubtedly.

Q. Dou you think that applies to all our Western mills?—A. All the big mills.

Q. Then that means a lower quality gets into our terminal elevators than would otherwise get there if this practice was not carried on?—A. Yes.

Q. Under the milling in transit rate, the farmer in the West actually pays the frieght, does he not?—A. Oh, yes, excepting the stopover charge. He does not pay that stopover charge.

By Mr. Caldwell:

Q. Who pays that?—A. The miller.

Q. And adds it to the price of his product?—A. Yes, it is a part of his cost. It would be impossible for us to mill here if it were not for the milling in transit and stopover charge. We have succeeded in the East in getting that reduced. Originally we paid two cents all the time and we tackled the C.P.R., because they were giving it for one cent in the West, and charging two in the East, and the Board of Railway Commissioners ordered the C.P.R. to reduce it, but not the Grand Trunk.

Q. If it were not for that stopover milling charge you would have difficulty in getting feeds?—A. Yes, there would be no feed for the farmers, at all, and we would not have any millers.

Q. So you imagine it is a benefit, not only to the farmers, but also to the millers?—A. Yes.

By Hon. Mr. Sinclair:

Q. Does that only apply to your export?—A. No, sir.

Q. You get these rates for your Eastern business as well?—A. Yes.

Q. Do you not think that is unfair to thhe Eastern millers?—A. No, sir, they have that also.

By the Chairman:

Q. Supposing they are at the end of the line?—A. They do not pay more than we do, but we pay one cent more than they do.

By Hon. Mr. Sinclair:

Q. They pay the local rate to their mills.—A. It is the same rate, no matter whether it goes to Montreal or stops at Toronto, it is the same rate.

Q. If it goes to St. John, New Brunswick?—A. We have both got to pay the same over Montreal.

Q. You get your transits from your mill east.—A. So do they.

Q. From their mill east?—A. Yes, sir.

Q. But to their mill they pay the local rate?—A. No, just the same as we do.

By the Chairman:

Q. You get a local rate on your flour, you get an export rate on your flour which enables you to compete with the man who is in the Maritime Provinces, to greater advantage to yourselves, do you not?—A. No, sir, beyond Montreal—.

Q. Let me put this to you. Suppose there were no transit rates, and take one of your mills, say, at New Market, for instance, or Chatham. You have a mill in Chatham, and you grind your flour, your wheat into flour, and then send it to Charlottetown, Prince Edward Island.—A. Yes.

Q. You would pay the rate on flour from Chatham to Prince Edward Island?

Hon. Mr. SINCLAIR: No, the transit rate.

By the Chairman:

Q. Suppose you had no transit rate, you would pay the full rate from Chatham.—A. No, because we would not ship any, we could not.

Q. You would not ship any?—A. No.

Q. But under the present situation you bring your wheat in the form of wheat as far as Chatham, and turn it into flour, and then at the same rate as you have obtained, with one cent more per hundred pounds, you are able to send it?—A. To Montreal.

Q. Not as far as Charlottetown?—A. No, sir, it stops at Montreal.

By Hon. Mr. Sinclair:

Q. To the seaboard you get the rest of the export rate?—A. If it is exported out of the country, yes, and then the mill at Montreal can do exactly the same thing we can.

Q. But you can supply the local trade in the Maritime Provinces under your milling in transit rates; your mills are doing it.—A. They are only doing it as far as Montreal. From Montreal we have to pay the same as the others, or a special through rate, through to the provinces.

Q. To the seaboard?—A. Are you speaking now of the mill in St. John?

Q. Yes, take it for example.—A. The mill in St. John, for export, would get a rebate, but if it is for local use it would cost us just as much to get it there as the mill at St. John. Our rate is just the same, from one point to another, as the local rate, and we have to pay the one cent in addition.

Q. Mr. Watts, supposing you buy wheat at Fort William, take it to your mill in Ontario, you pay the stop over of a cent and whatever side haul there is to your mill.—A. Yes.

Q. Then from there to St. John you pay the difference between what you have paid and the export rate?—A. No. If it is for export, yes, and the mill at St. John does the same thing; they pay the local rate to St. John and get a rebate back to the export rate.

Q. But if either of your mills wanted to supply the St. John trade—A. For local trade?

Q. Yes.—A. It is an entirely different rate.

Q. Your mills, by the present arrangement, are enabled to do it under their export trade?—A. No, sir, that is not correct.

Q. I am told so by the millers.—A. Then there is some chicanery on the part of the railroad agent, and he is disobeying the orders of the Board of Railway Commissioners, and the railway is, too. I never heard of it.

Q. Your statement is that they cannot use the export privileges to supply local trade in the East.—A. I never heard of it.

The CHAIRMAN: Gentlemen, shall we meet again at 3.30? I think we are through with Mr. Watts.

APPENDIX No. 3

By Mr. Sales:

Q. Just a moment. I want to take the western milling situation. Take Saskatoon, for instance, or any place in the West where a man sells his wheat to the mills and is paid on the Fort William basis less the rate, which is practically 14 cents from Saskatoon. Then the mill is enabled to carry the flour and products, like bran and shorts, on to Fort William on that 14 cent, plus one cent?—A. Not if you buy at Saskatoon. If he bought beyond Saskatoon, if he bought at Calgary—.

Q. If he buys it ten miles west?—A. Yes, that is right.

Q. He deducts that from the price he pays to the farmer, and then carries it to Fort William, for that price plus one cent per hundred pounds.—A. Yes.

Q. And that takes out the bran and shorts from our western country and brings them East.—A. Yes.

Q. Do you consider that is a fair proposition to the farmer in the West?—A. If he could not do that he could not run, any more than we in Ontario could run.

Q. Do you think it is fair to the consumer of flour in the West that he should be charged that freight rate? We get no advantage in the price of flour, we get no advantage in the price of bran and shorts, because we have a mill located in our town, and I know. We get none whatever.—A. I would say this, Mr. Chairman, that if the mill could get the same price for bran and shorts at home, I would not think they would ship it away.

Q. But it does not cost him anything to ship it, because he has deducted that freight from the farmer. If wheat is worth $1 at Fort William, all I will get at Saskatoon will be 86 cents, 14 cents less. Now, then bran and shorts will be carried out at my expense. That is true, is it not?—A. It is carried out at the same price as the wheat.

Q. Exactly.—A. There is just one other factor, that you have no bran and shorts there unless you can grind it there, and that you cannot get away from. If you cannot grind it, you will get no bran and shorts, and if you cannot grind it on a stopover charge, it will go down to Fort William and the mills there will grind it.

Q. If you had a mill in Saskatoon, could you sell flour cheaper to the men there? Why would you have to buy it on a Fort William basis?—A. Because I have to ship my stuff to Fort William.

Q. I am talking about the man who lives near Saskatoon, and who wants his flour and bran and shorts.—A. The domestic trade—they get enough, I presume, at their mill that they do not pay freight on at all, and they cannot ship that out unless they pay the full price.

Q. And the flour should be lower to that extent.—A. It should be based on the price paid.

Q. On the local price?—A. Yes.

Q. Is it based on that?—A. I think the price of flour is a great deal less at Calgary or Regina than in the East.

Q. What are you selling flour at now here?—A. I honestly could not tell you.

Q. You are a miller, are you not?—A. I am only looking after the general business of the mills, I do not look after the details in any way; I look after freight rates and this sort of thing like I am doing now. Approximately, they are getting for carload flour down here, our mills are getting—we bought the other day at $5.10 bulk to seaboard for the flour that we export.

Q. $5.10 what?—A. Per barrel bulk, to seaboard.

Q. Delivered where?—A. At the seaboard.

Q. St. John?—A. Yes, or Portland, or New York. I do not know which it was.

Q. And one barrel makes two sacks?—A. 98 pounds, yes.

Q. So you get two sacks of flour to-day, delivered at St. John, at $5.10?—A. Yes, sir, and the mill only gets back the price of the wheat, in fact, they do not get that, they do not get anything for grinding at all.

Mr. SALES: Mr. Chairman, I am going to look up the price of flour in the Western Provinces, and I venture the opinion that our flour is delivered at St. John at less than we buy it for.

Mr. CALDWELL: That is retail.

By Mr. Sales:

Q. This is the wholesale price?—A. No, that was bought for export, and the mill did not get back the price of the wheat, at that price. As a matter of fact, the miller was grinding it simply to get the bran and shorts.

Q. What quality of flour would this be?—A. What we call straight grade.

Q. What do you mean?—A. The whole product of the wheat, with about 2½ per cent taken off.

Q. Would this compare with the flour we use in Canada?—A. I would say it is the finest bread flour, in my opinion, that you could get.

By Mr. Milne:

Q. How does it compare with Purity?—A. That is a high patent, this is straight grade.

By Mr. Caldwell:

Q. Or Five Roses?—A. That is a high patent.

Mr. GARDINER: This is a very interesting subject, and I would suggest that we ask Mr. Watts to come back at 3.30.

By Hon. Mr. Sinclair:

Q. Can you be here at 3.30, Mr. Watts?—A. Yes, sir.

The CHAIRMAN: Then we will adjourn until 3.30.

The Committee adjourned until 3.30.

Afternoon Session

HOUSE OF COMMONS,
COMMITTEE ROOM 268,
THURSDAY, March 22, 1923.

The Special Committee appointed to enquire into Agricultural conditions throughout Canada met at 3.30 p.m., the Chairman, Mr. McMaster, presiding.

C. B. WATTS recalled.

By Mr. Sales:

Q. Mr. Watts, your description of the patents is somewhat confusing to the lay man and you might explain what they mean? What is the First Patent?—A. 90 per cent, that means 10 per cent low grade.

Q. What is the Second Patent?—A. The Second Patent is made by some of the big mills. That would have a top Patent taken out. Thirty-five years ago

we made a top Patent. We took off 20 per cent or 25 per cent of the best part of the flour, the first middlings, then below that was the Second Patent, with the low grade taken out.

Q. But what is the low grade?—A. The low grade would be what is taken off by making the Second Patent.

Q. What does Strong Bakers consist of?—A. Strong Bakers is generally made—different mills have different ways of making it. Some of them would make a very high grade flour by taking off the same way as I did, 20 per cent or 25 per cent high. Then they would take off 20 per cent low grade at the bottom. It is really not low grade, but it will serve as an illustration.

Q. In what class would the bran and shorts, the Western Canada and the Maple Leaf be in? Would that be in the 95 per cent Patent?—A. They are the other way, 25 per cent, 30 per cent or 40 per cent top Patents, high grades.

Q. I have been looking up the papers in the library, and I find that at points in Ontario like Owen Sound, St. Thomas and Toronto, the 90 per cent Patent is selling at $5.05, to $5.15; at Montreal from $5.10 to $5.20 and at Seaboard, $4.95 to $5.00. So you are 15 cents cheaper at the Seaboard than you are at Montreal?—A. There is this factor: In the first place, those quotations that you are speaking of, at Toronto and other points, the flour is in boxes while at the seaboard it is in bulk.

Q. You cannot carry flour loose?—A. Yes sir, we provide the cover.

Q. You mean that the purchaser provides you with the boxes?—A. We provide the mills with the boxes, buying it in bulk. We buy boxes in 10,000 or 20,000 lots and have them shipped out in 500 or 1,000 lots to the smaller mills.

Q. You say "we," whom do you mean?—A. The Canadian Flour Export Company that I spoke of this morning. They are sent to the smaller mills.

Q. You do not charge the miller for the bag?—A. No.

Q. I find at Edmonton, for instance, that the Robinhood is quoted at $6.90 a barrel, at Winnipeg Roses at $6.95, and at Montreal First Patent $7.10, that is a difference of 15 cents, between Winnipeg and Montreal. Apparently there would be more advantage in having those milling industries located in our western country. At Edmonton, bran is $24.00, and shorts $26.00. What are they in Ontario?—A. You would have them there.

Q. Bran is $24.00 and shorts $26.00 at Edmonton?—A. Where you get flour prices you get bran and shorts prices at the same time. I do not know what the dates are or anything like that. I do not know about the big mills at all. I am not a member of the Association. They could give you information which I cannot give at all.

By Mr. Elliott:

Q. Do you not know what shorts are selling for in Ontario?—A. Bran and shorts at the present time were offered on Monday at $32.00 for bran and $33.00 for shorts delivered by the carload, but those were western shorts. The Ontario mills have none.

By Mr. Milne:

Q. What are those prices you are quoting?—A. Carload prices. There were 5 carloads the day before I left home offered for $32.00 for bran and $33.00 for shorts; anywhere in Ontario.

By Mr. Caldwell:

Q. Do you say that the Ontario mills have no bran or shorts?—A. Practically none.

Q. Are they milling wheat?—A. They are a little, because they cannot sell it for export, and there is very little local demand.

Q. What is the difficulty in selling for export?—A. The freight rates are against us, as I explained this morning, both rail and ocean; and the mills in Great Britain lately are competing so strongly between themselves that you cannot sell flour and get back the price of your wheat.

Q. Would you say that the discrimination in freight rates is your chief trouble?—A. Not at the present moment. I think the chief trouble at the present time is the competition between the British millers themselves. That has been our chief trouble for some time back.

By Mr. Elliott:

Q. Is the price of your flour in Ontario set by the price of flour in Great Britain?—A. No.

Q. How would that affect the price in Ontario, as you said?—A. You mean bran and shorts?

Q. No, flour?—A. No, it would not be affected by the price in Great Britian, just the local demand and local competition.

Q. Would that be true in the west?—A. As I say, I do not really know anything about the west; I am not competent to say.

By Mr. Sales:

Q. In every paper I looked at there was the same price for Ontario flour; at Owen Sound, St. Thomas or anywhere else. The same price obtained for Ontario flour.—A. I will just tell you something about those newspaper quotations. I quit 20 years ago giving quotations to the newspaper perhaps they absolutely did not mean anything. If a man wants to sell something, he puts a quotation in the paper, away above its actual value. If he wants to buy, he puts it below the actual value, and the men in the trade pay no attention to newspaper quotations at all, unless there is a change. If bran and shorts have gone up, we know there is a demand, and that would put the price up, or if it has gone down the price would go down. But as to the real figures at which flour is selling, I pay no attention to the newspaper.

Q. They are carload prices?—A. Carload lots.

Q. The newspaper men surely know?—A. They used to come to me, and I gave them information and I found that they put different information in the newspapers, so I quit years ago. I have not given information to the newspapers for 20 years for that reason.

Q. Is it a strange coincidence that four brands of flour are advertised as selling at the same price in Winnipeg?—A. That is very natural. Those men claim that their flour is as good as the other.

Q. They all agree on the price?—A. I do not know anything about it, but I do know that they claim that their flour is as good as the other.

Q. The cost of operation is the same, and the cost of extraction must be the same?—A. It does not matter what the cost of operation is. If it costs him 85 cents to make his flour and the other man can make it for 50 cents, he must sell at the price of the man who makes it for 50 cents or he will get no business.

By Mr. Elliott:

Q. I am not very clear as to your statement with regard to the price of flour in Canada as compared with Great Britain. I understood you to say that it is lower in the British markets than it is in Canada.—A. Generally. That is, we sell at a lower price our surplus export to get rid of it than we sell in our own home market.

Q. Does that mean that the Canadian customer must bear the cost to the trade?—A. No sir, it means that if there is no export business done the Can-

adian consumer would have to bear the expense of the mill standing empty, which would make the price much higher than it is now.

By Mr. Caldwell:

Q. You do an export business as well as a Canadian business. Why should one have to pay more for his flour than the other? Why should a man be able to buy your flour cheaper in England than a man can buy it in Canada?—A. For the reason that the miller in Great Britain can bring his wheat from Australia, can bring his wheat from the Argentine, can bring his wheat from India, can bring his wheat from the United States, and can bring his wheat from Canada. As I explained to you this morning, at the present time, wheat has been taken from Canada across the ocean at 10 cents a hundred pounds less than the flour is. Therefore, the English miller can get his wheat and his bran and shorts over there at 10 cents a hundred less than we can get the flour over. When he gets it over there, he has not only that 10 cents, he can sell his bran and shorts at higher prices than we can possibly sell here, or in the United States, because if we attempted to ship those bran and shorts over there—I cannot say what the figure would be, but it would be at least 20 cents or 30 cents a hundred more than we pay on the flour. Therefore, we have no sale at all, or we have to sell at a price with all those things against us.

By Mr. Sales:

Q. Does not the rate on flour apply to by-products?—A. No sir, because it is more bulky. Just as the Chairman called attention to the fact this morning that the rate on wheat would naturally be a little less than on flour, the rate on bran and shorts is still higher because it is more bulky.

By Mr. Elliott:

Q. If we did not have this export trade for our flour, we as Canadians would be better off?—A. No, you would pay a great deal more than you are paying to-day.

By the Chairman:

Q. Why?—A. For this reason, if a mill could only run half time, and the expenses are practically the same as running 75 per cent of the time, if the trade turned out say 10,000 barrels in the year, and it cost you to turn out that 10,000 barrels say $5,000, and that was all there was, you would have to pay 50 cents on every barrel.

Q. Mr. Watts, under these conditions, would not half the mills go out of operation, and would not the other half keep fully employed?—A. Yes.

Q. And then, would it cost more?—A. No.

Mr. CALDWELL: In other words, Mr. Chairman, if the miller saw fit to build a mill twice as big—

The CHAIRMAN: As the local demand called for.

Mr. CALDWELL: As the local demand warrants, the home consumer pays for it.

The WITNESS: If you will excuse me one moment, before I leave Mr. McMaster under a false impression. The big milling companies who get the trade—their overhead, the cost of manufacture, is a great deal higher than the smaller millers.

By the Chairman:

Q. Per barrel?—A. Yes, no question about that.

Q. Why is that?—A. For this reason—

Q. Are they not as well managed?—A. Well, whether as well managed—

Q. Have they not as good management?—A. No.

Q. Then it must be that their stock is capitalized. That would be the only reason left to have their cost higher.—A. No, there is another reason.

Q. What is that reason?—A. The small miller works himself, and his wage and trade of that sort is much smaller, so you never can crush out—when it comes down to the small local business—the big miller never can crush out the smaller miller, who is doing chaffing. He has an earning there that the big miller has not got.

By Mr. Caldwell:

Q. Is the British flour trade profitable? Do you make some profit at times with your trade in England?—A. At times, unquestionably. That is, not above our actual cost, but on account of putting it in as our surplus.

Q. The fact is that you would not continue to do it if there were not some profit in it?—A. When it goes, it reduces our average cost.

By Mr. Hammell:

Q. You have just said that the big miller cannot crush out the smaller miller?—A. Not very well.

Q. In my comparatively brief life time, I have known a good many small millers who have been crushed out.—A. Yes.

Q. Even in my own constituency.—A. Yes, but that is very largely because they do not keep their machinery, and so on, up to date. I think you will find that is the case.

Mr. HAMMELL: I think not.

The CHAIRMAN: We could go on investigating this, and talk about it all afternoon. Shall we hear another witness? (To Mr. Watts) We thank you very much.

The Witness discharged.

ROBERT ADAM THOMPSON, called and sworn.

By the Chairman:

Q. Your full name, sir?—A. Robert Adam Thompson.

Q. You are in the milling business?—A. Yes.

Q. What do you do in the milling business?—A. I have a small mill.

Q. Where?—A. In the village of Lynden, in the province of Ontario.

Q. In Lindsay, Ontario?—A. Lynden, west of Toronto—if you know where Toronto is.

Q. Are you connected with the Dominion Flour Millers' Association?—A. Yes.

Q. Are you an office holder in that association?—A. Yes.

Q. You have something to communicate to us to-day, I understand?—A. Yes. I have some small remarks to make that perhaps may be of some interest to you and some help to you in what you are looking up.

Q. I would be glad if you would address yourself to the subject.—A. As being President of the Dominion Millers' Association, Mr. Chairman, I represent about 150 of the smaller mills in the provinces of Ontario and Quebec. These mills, I think, will represent from 75 to 200 barrels—probably 250 barrels in odd cases.

Q. Per day?—A. Yes.

Q. Each?—A. Yes, each. In representing these, I am speaking just as one of them, because I am one of them that come more closely in touch with the farming communities and their wants and needs, than the larger millers do, and therefore, I speak on behalf of the agricultural interests as well as our own interests. I come in touch with them, we discuss their prospects, their plans, their ideas, and we have endeavoured, Mr. Chairman, for the last two or three years to get ourselves in a position so that we get more of an export trade than we have had in the years gone by. We have been up before different bodies from time to time. Mr. Watson, in his address this morning, spoke of some of the deputations he has been on. I have been with him on them all, and it is not necessary for me to go into the ones we have been on, only to say that while on these deputations we have had the whole-hearted support of the agriculturists of the provinces of Ontario, Quebec, Nova Scotia, and N.B. At our meeting of August 26th, 1920, before the full cabinet—

Q. I do not want to unnecessarily interrupt you, but you see Mr. Watts has gone over all the historical grounds and I will ask you to address yourself to present-day conditions and what suggestions you have for their betterment?—A. In reference to that, Mr. Chairman, we millers are sometimes supposed to be selfish—

Q. We will grant that the millers as a whole have the highest character, free from selfishness, full of patriotism.—A. All right, we have these gentlemen supporting us in our representation not out of charity to us, but because they needed what we wanted to give them—

Q. The interest was mutual—we are agreed upon that.—A. They were more than mutual; they were more than mutual, if I might use that expression, because these people say that they cannot get the stuff for their cattle without this is done. The country could not get along without the millers.

Q. Pardon me, if I interrupt again. We will take it for granted that it is in the interest of the dairy men of eastern Canada, and also the stock raising interests, that a lot of wheat should be milled in Canada, in order that the by-products should be had for the dairy men, and the stock raising farmers. We quite agree on that.—A. Yes, then we will leave that phase of the question just now. The position is to-day that we are charged five cents per hundred ex-lake for our wheat for export, and five cents per hundred on the ocean more than our American friends are. That is equal to twenty cents per barrel handicap that we are opposed by, as compared to the American millers.

Q. And you have to sell your flour on the English market in competition with your American competitors who enjoy this advantage over you?—A. Yes, and further than that, with our American competitors who are grinding our Manitoba grain, because there are immense mills in Buffalo and more in prospect, being built to grind that Manitoba grain, and they have this advantage on us.

By Mr. Sales:

Q. Do they buy that grain there?

Mr. HAMMELL: No.

Mr. SALES: I wanted Mr. Thompson to answer.

The WITNESS: Yes.

By Mr. Sales:

Q. They buy it?—A. Yes.

Q. And grind it?—A. And grind it.

Q. With American wheat?—A. I do not know how they grind it.

Q. In bond?—A. Yes.

Q. And get a rebate of the duty?—A. I understand so.

Q. A rebate of the whole duty?—A. Ninety-nine per cent, I understand.

Q. So that as far as the mills are concerned, there is no duty on Canadian wheat for these purposes?—A. Yes, and he gets over there—these American millers get over there for the stock raisers of the states, the bran and shorts which we should grind out for our Ontario stock raisers here. The question of grinding at or below the cost for export has been up to-day. I do not think you gentleman just " catch on " to the idea we have in that work. Supposing I can grind at 50 cents per barrel cost, manufacturing cost. I have a certain cost, say for example, 35 cents a barrel, if I stand. My investment, my insurance, my interest, my office help, my everything except practically my fuel and oil are going on when I am standing. I may have to hire one or two men as labouring men to help with the stuff, if I am going. If I could get, Mr. Chairman, between the cost of the wheat and the money that I get out of the flour—out of the brans, and out of the shorts—a difference of 20 cents, between the cost and income, it pays me better to run at 20 cents, and bring that 35-cent overhead down, than it does to stand.

By Mr. Sales:

Q. Does that lead us to the conclusion that there are too many mills? That is the only trouble?—A. We have the best wheat in the world, and the milling capacity is nearly up to what the wheat is, and the milling capacity of our country should be used entirely to satisfy the needs of our country.

By the Chairman:

Q. Your complaint is that the freight rates are attached in such a fashion on wheat that wheat which should go into our mills and be ground there is diverted to the mills of the United States?—A. Yes.

By Mr. Sales:

Q. But, instead of taking this loss due to the export business, if you were grinding to the full capacity at home you could sell your flour cheaper to the home consumer?—A. We could, because our cost would be lower.

Q. That is practically amounting to the dumping of our product into the markets of England?—A. Yes, dumping it into the markets of England in order to satisfy our men here.

By Mr. McKay:

Q. Do our mills in Canada mill any American wheat?—A. No, they do not mill any American wheat that I know of.

By the Chairman:

Q. Do you not get some soft wheat in here and mix that with the Canadian wheat?—A. We have our own soft wheat. Our Ontario soft wheat supplies that.

The CHAIRMAN: Any other questions to ask Mr. Thompson.

Q. Is there any other thing that you wish to put before us, Mr. Thompson? —A. You might ask "what do we propose to do with that?" There is another question that is affecting us, and that is the fact that through the want of export, I believe, some of our best mills throughout the country have gone into insolvency.

Q. Became insolvent?—A. Yes, Tillsonburg, St. Mary's the Georgian Bay Milling Company and others have gone into insolvency. We want to keep going and not be killed out, and not have to depend entirely on our local trade. Ordinarily we could not supply one-half of the feed that is required in our immediate

section for local needs. There was a farmer came to me the other day, and he said to me "I cannot afford to raise pigs at the present price; I am getting out of it." That man was raising about 40 pigs a year. The fact is that there are 217,000 hogs less in the province of Ontario to-day than there were in 1914. It is only to be expected if they cannot get their feed, they are going out of that stuff. We want to supply them with the feed. What we want is this: we want this country to be a milling country; to have it a policy of the Government that every possible bushel of wheat that can possibly be milled in this country, be milled in this country.

By the Chairman:

Q. Provided the mills here are able to give as good a price for wheat, as anybody else.—A. We have to. We do not want any bonus; we do not want any extra privileges, but we do not want to be put at a disadvantage with our competitors, as we have been in the past year.

By Mr. McKay:

Q. Would you advise the milling of all our wheat in Canada?—A. Every bushel that could be milled in Canada, should be done.

Q. Would you advise any action on the part of the Government to provide for the milling of all our wheat in Canada?—A. If our capacity is not big enough—.

Q. Our capacity will grow, probably, if conditions are all right.—A. Then I think every bushel of wheat that can be milled in Canada should be used in Canada.

By the Chairman:

Q. Do I understand, Mr. Thompson, that what you want is a fair field but no favours either to yourself or your competitors?—A. We want to be free, not to be opposed by unfair competition, as the Chairman knows, we have been, by the evidence we have been hearing here for the past day or so.

By Mr. Sales:

Q. Does the Britisher want wheat or flour?—A. His special object is to want wheat.

Q. When you are selling to a man you must sell what he wants, and not try to force upon him what he does not want.—A. It seems to me, Mr. Sales, we do not want our own Government with our own money, our own railroad systems, to put a freight export tax of 20 cents against us, in aid of the British millers.

By the Chairman:

Q. Nor also in aid of your American competitors.—A. Yes.

Mr. CALDWELL: That is a stronger argument.

By Mr. Sales:

Q. That was the Government who put that 20 cents export tax on?—A. You have seen half of it through the actions of the Manager of the Mercantile Marine.

The CHAIRMAN: He sat in with the others, that is all—A. And he was doing the best he could with the others.

By Mr. Sales:

Q. I would like to know, Mr. Chairman, if we loaded up one of these Canadian ships with our flour, and kept track of the actual loading, unloading, transporting, what the balance sheet would show, to see whether flour can be carried at the price these gentlemen wish it to be carried.

Q. You do not want the Canadian ships to carry flour at a loss?—A. I might say in reference to that, Mr. Sales, that Australia is carrying flour and wheat on her steamers at the same price, to encourage the business of the country.

Q. That is subsidizing the merchant marine.

The CHAIRMAN: Yes, that is what it means.

Q. Would you want that? That is Mr. Sales' question. Would you want our Canadian Government Merchant Marine to carry flour at a loss?—A. I want the Canadian Merchant Marine to do whatever is best in the interest of the whole country as a whole.

Q. That is an excellent answer, but not an answer to my question.—A. Whether it is going to carry 1,000 tons of flour in a vessel along with other stuff, at a loss or not—here is another question—

Q. Even if it is carried at a loss?—A. It should be made up. There should be enough to make it up, if possible.

Q. It has to be paid by somebody else then, Mr. Thompson.

Mr. SALES: Exactly.

By the Chairman:

Q. All these public services which are carried on at or below cost have to be paid for by someone, either they have to be paid for at the expense of a higher rate and shippers of other commodities have to pay it, or they have to be paid by the taxpayers of the country. Do you think that is a sound policy to go on? I am not asking you what Australia does, but as a Canadian citizen, do you think that is a sound policy to go on?—A. My feeling is this: that this Government Merchant Marine would get freight and other stuff from the feed they would have consumed in Canada, which would make up more than the loss in other places, because we are replenishing our country by using the feed here. We have to do it, if we want to keep our country where we want it. We can get more stuff.

By Mr. Sales:

Q. How can this sort of thing go on indefinitely, Mr. Thompson? Here we have bacon cheaper in England than in Canada, flour in England cheaper than it is in Canada, and our workmen in this country cannot possibly produce the goods which I can use on my farm, and which sets the cost of my production, at as reasonable a price as England can, for instance, therefore, my cost of production is increased and this year I sold the stuff I grew in the free markets of the world. The thing is impossible.—A. What effect does it have on the market if that farmer I spoke of quit raising those 40 hogs? You take that much off the market. If you do, you deprive your men here—your ordinary everyday men who want the bacon, of getting the privilege of getting something out of those 40 hogs, and if you go on and consider the difference between the present day and 1914, of 217,000 hogs—

Q. But if all these men raised 40 hogs, we would not have any market here. We are growing bacon here now, and shipping it to England cheaper than the men in Canada can consume it. In other words, we are having to dump our export surplus.—A. I would not advocate curtailing any production.

Q. No, if you are like me—for the last three years I have been working on my farm, and providing work for the railway men to carry away, for the grain men to handle, for the millers to handle—in fact, I have been working for everybody else excepting myself. How long would you expect the condition to last?—A. I might say—I do not know anything about your circumstances—but I believe I have had ten times harder times than you have in the last three years.

Hon. Mr. TOLMIE: Mr. Sales, would you say you can produce hogs in your country now?

Mr. SALES: Well, he quoted one man who had quit raising hogs, who would have raised forty hogs. My answer is that if every man was raising forty hogs, we would not have a market at all. I have dressed hogs in this country at 5 cents a pound.

Mr. HAMMELL: I have sold them for less than that.

Hon. Mr. TOLMIE: That is many years ago.

Mr. SALES: Not so many years ago.

Hon. Mr. TOLMIE: They have paid higher prices than that during the war, and ever since the war.

By Mr. Hammell:

Q. Mr. Thompson, if you denied to the American miller this price of wheat for export, would that have any effect?—A. That is beyond our control. The American just fixes it so he can do it. They are no fools over there.

By Mr. Sales:

Q. We have the same thing here. The Quaker Oats Company import oats from the United States and for export purposes can get 99 per cent of their duty back.—A. Yes.

Q. And when oats were dear two years ago, is it not a fact that they did bring in lots of oats, instead of buying them from the farmers in Ontario?—A. I have no information on the oat situation.

By Mr. Milne:

Q. Is the miller here—the big miller—absorbing the flour from Western Canada?—A. It is being pushed in wherever it can be.

Q. There is quite a difference in the price?—A. I do not come in competition with that question of flour very much. I am growing Ontario soft wheat almost entirely. That is the business I am in, but I know it is being pushed in, but I have no idea of what the price is.

By Mr. Elliott:

Q. Mr. Thompson, you heard what Mr. Watts said regarding the Canadian consumer being compelled to pay a higher price for his flour in order that he may sell in competition with the world, in the Old Country?—A. Not in order to—I did not understand it that way.

Q. That is the way I understood it. Now you go on, and in your evidence you state that through the lack of export trade, quite a number of mills have gone out of business?—A. Yes.

Q. In Ontario?—A. Yes.

Q. I would assume from that that the larger the export the higher the price of the flour to the consumer here in Ontario would be?—A. Oh, I do not think it will work out that way. I cannot see that it will work out that way.

By the Chairman:

Q. Mr. Thompson, let me take you over the argument which appears to Mr. Elliott and myself to be the logical conclusion of Mr. Watts' statement. Mr. Watts says that during part of the year we manufacture for export what are costing our millers 50 cents a barrel, and our overhead represents on that, 35 cents—35 cents is the overhead, and that overhead runs on even if we are standing still?—A. Yes.

Q. Now, he says it is, therefore, cheaper for us when our local demand has ceased, to manufacture at the difference of price, which will only bring us in 35 cents, just break even—it pays us to do that and to sell our flour in England at a price which will give us the 35 cents, although the price in Canada will have to give us the full 50 cents a barrel, or we could not stay in business, and make a reasonable profit. Now, Mr. Elliot asked Mr. Watts "Supposing you had no export trade at all, what would happen? Would we not get our flour cheaper?" and Mr. Watts said "No, because when I could not get even 35 cents for my flour I would have to close my mill for half the time, and therefore the value of the flour of the manufacture while I was running would cost me more than 50 cents to mill, and therefore I would have to sell at a higher price," and then Mr. Elliott asked this question "Well, supposing you have no export trade at all, and you just cut off half the mills, would you then be able to sell your flour to the Canadian consumer cheaper"—what is your answer to that, Mr. Watts?—A. I do not consider the proposition of cutting off half the mills—

Q. Oh, that is just a hypothetical question. What would you think? Would it have the effect that Mr. Elliott states?—A. With a less production or less cost?

Q. No, I do not make any such general statement as that at all, but Mr. Elliott states that if the export business was cut off altogether, the mills would stand idle for half the time, and as it stood idle for half the time the cost per barrel of what was manufactured while it was running would be higher than it is now, even though you are running half time, merely breaking even. That is Mr. Elliott's proposal. Now, he asks the further question "Supposing you cut half our mills so that the remaining mills could run at full blast all the time, would you raise your manufacturing cost." Now, you would not, would you?

Mr. SINCLAIR: You could not supply the market if the mills ran half time—

The WITNESS: I could hardly imagine such a case as that, as the mills running full time on local trade.

By the Chairman:

Q. On what?—A. On home trade.

Q. You say they run half the time on home trade, and half the time on foreign trade. If you cut off the foreign trade, half the mills could supply the local trade, running full time?—A. Perhaps so.

Q. That is a question in arithmetic, it seems to me.—A. If they ran full time, the local trade could reduce the cost to the Canadian consumer, but Canada will be at the disadvantage of not having as much bran and shorts made in the country as otherwise would be made.

Q. That is what would happen?—A. As a milling proposition, it is not feasible at all.

Q. Do not misunderstand me, Mr. Thompson, I am not making it as a practical proposition at all; I am merely asking it as a hypothetical question. We have had brought before this Committee the fact that the Canadian consumer does pay more for his flour than the British consumer, who lives 3,000 miles away from the place where the flour is milled. It seems an extraordinary situation, and one which does not help the consumers of this country; that is offset to a great extent by the fact that the milling of flour in this country creates more bran and shorts, and that helps the country along other lines. Is that not the situation, Mr. Thompson?

Mr. SALES: Pursue it a little farther, and you produce more bacon than grain, the price is affected accordingly.

Mr. CALDWELL: And our working men, who produce high-priced flour and bacon must compete against the British workmen, who buy these products for less money. All these things tend to raise the cost of my production, and I am forced to compete in the open markets of the world under these conditions. I say it cannot be done.

WITNESS: The way it would work out in our individual home case, if we were able to supply the feed we want to supply to our farmers, they could go into greater production of milk, hogs, cattle and so forth. They would be encouraged in that work, because they could get the feed. I was looking up my prices for 1913; I think we were milling bran at that time at about $19 a ton; to-day we are selling it at $28 in bulk at the mill. If our farmers to-day could get that feed at $19 per ton—if I had a surplus I could sell it at $19—they would be encouraged to go into raising hogs. The other fellow next to him would be encouraged to go in, and they would produce more hogs. The more hogs they could get the more production, the more bacon. The more bran I have on hand, the lower the price I can afford to sell it at. If I am stocked up with bran, I have to sell it at lower prices, which would bring the price of bacon down to the labouring man, who has to compete with the fellow in the Old Country who is getting our stuff in that way.

By Mr. Elliott:

Q. How much does bran enter into the feeding of hogs?—A. They use bran for cows, for dairy purposes; we do not use bran for feeding hogs.

By the Chairman:

Q. Is your remedy cheaper rate on flour?—A. My remedy is lower rates on flour, both on the rail and on the ocean.

Q. What about wheat, do you want cheaper freight rates on wheat?—A. We do not care what the rate is on wheat, so long as it is equalized by the rate on flour.

By Hon. Mr. Sinclair:

Q. You want the Canadian miller to be put on an equal footing with his competitor south of the American boundary?—A. Yes, certainly; we do not ask any favours.

Q. The central Canadian miller is at a disadvantage by having to pay a higher freight rate than the American miller has to pay, which costs him more to deliver his flour in Liverpool?—A. Also at the steamer.

Q. But to deliver it at Liverpool?—A. Yes, there is no doubt about that.

Q. And from the railhead?—A. There is no other country, as Mr. Watts told you, or no other place on the North American Continent excepting the Provinces of Ontario and Quebec where they pay more than one cent per hundred for flour over wheat except Canada.

By the Chairman:

Q. Have you ever taken that question up with the transportation companies? —A. We have taken it up with everybody we could think of.

Q. Without success?—A. We went to the Cabinet of the old Government; we have gone to the Cabinet of the new Government, and they are six of one and half a dozen of the other.

By Hon. Mr. Sinclair:

Q. Have you tried through the Railway Commission?—A. We went to a Committee of the Government, appealing against a judgment of the Railway Commission.

Q. You went first to the Railway Commission?—A. We went first to the Railway Commission, and they said that it might be advantageous to mill this wheat in Canada, but that we must look at it from a rate standpoint. That is what the Railway Commission told us.

By the Chairman:

Q. What does that mean?—A. They wanted money. The Board of Railway Commissioners told us this; we went to the Cabinet, to a Committee of the Cabinet, supported by the agricultural interests I spoke of here. They practically sent us back to the Railway Board, not wanting I think to be bothered with appeals from the Railway Board—If you want to know my own opinion about it.

By Mr. Caldwell:

Q. Have you ever gone to the railway officials themselves?—A. We have taken it up with Sir Henry Thornton; we took it up with him the other day.

By the Chairman:

Q. You are still living in hopes?—A. Well, we are still alive.

By Mr. Caldwell:

Q. Have you taken it up with the officials of the C.P.R.?—A. It has been discussed with the officials of the C.P.R., and the officials of the Grand Trunk. They appeared against us before the Board of Railway Commissioners.

By Mr. Sales:

Q. Are you shipping your flour now to Portland?—A. I am not exporting any now. I have not exported any for some time.

Mr. WATTS: Most of it goes to New York.

Mr. SALES: Can you get just as good a rate to Halifax?

Mr. WATTS: No sir; it is one cent per hundred higher than to Portland or St. John.

Mr. SALES: And that one cent is going to put you out of business?

Mr. WATTS: What is that, sir?

Mr. SALES: You are not loyal enough to pay your own country one cent to go by a Canadian route?

Mr. WATTS: The Canadian route by St. John is one cent less per hundred pounds than Halifax.

By Mr. Caldwell:

Q. How would it compare with the rate to New York?

Mr. WATTS: On ex-lake wheat we cannot ship at all, therefore we are not grinding it at all, first of all because we would have to pay five cents per hundred for the wheat rate as against one cent on the all-rail route, then the ex-lake wheat to New York is 4½ cents per hundred pounds higher than it is to St. John or Portland; so if we were grinding ex-lake wheat, if it was at all possible, we would not ship it to New York. That is one advantage the railroads would have if they gave us one cent over the ex-lake wheat, the same as one cent over the ex-rail wheat, because we would be compelled to ship then on Canadian lines to Portland, St. John or Boston, for export. Of course we consider Portland and Boston from a railroad standpoint about the same as St. John, because those roads are owned or controlled by the C.P.R. and the Grand Trunk.

By the Chairman:

Q. As a matter of fact, when you have to consider the question of how you are going to take your goods to market, you think of the cheapest route, do you not?

Mr. WATTS: Absolutely. I would like to say one word here, if you are through with Mr. Thompson.

The CHAIRMAN: I do not know whether we are through with Mr. Thompson or not. Is there any question anybody wishes to ask Mr. Thompson?

By Mr. Milne:

Q. You quoted bran in 1919. Do you know the price of wheat to-day?—A. No, I could not tell you that.

By the Chairman:

Q. Number 1 hard is about 96, is it not?—A. I have no idea. I was just thinking about bran and shorts.

By Hon. Mr. Sinclair:

Q. May I ask this question, Mr. Thompson? Have you any general idea, and can you make a general statement as to the condition of the Ontario millers; are they working under any of the handicaps you have been describing?—A. The ordinary Ontario miller is being affected very injuriously. Some of them have enough home trade, chopping and other things, to keep them going on home orders for about one-half the time; some of the other mills have gone out of existence entirely. I spoke about the Tillsonburg Mill, the St. Marys Mill, the Georgian Bay Mill, and the Canadian Flour Mills Company at Chatham.

Q. Within the last year?—A. Within the last year, in some of the very best districts we have in the Province of Ontario.

By Mr. Sales:

Q. Is it not rather strange that your representations should not have been received favourably by the Cabinet, seeing that you have two millers in the Cabinet?—A. Well, we thought it strange.

Q. I should think so, if your facts are on safe grounds?—A. We thought it strange.

Q. It looks to me as though you might have received some consideration? —A. I might say in reference to that, that considering the power the Chairman had and the difficulty he had in getting evidence from some of the witnesses he had before him, you can imagine what a stone wall we were up against in the way of the shipping interests and the railway interests; they opposed it at every step. They wanted the rates. It was like lowering the rates on leather—they did not get the business.

By Mr. Elliott:

Q. You cannot give us the cost of wheat in 1913?—A. No, sir.

Q. Do you remember what flour was selling at?—A. No; I was only looking after bran and shorts.

The CHAIRMAN: I thank you very much, Mr. Thompson. Mr. Scripture has been waiting here for some time to be heard.

Mr. WATTS: Just one word, Mr. Chairman. Mr. Sales made the suggestion that he would like to see a cargo of flour shipped over, to see what the cost was. You will find, according to the figures of the steamship companies, that they are carrying below cost time and time again. It is a relative arrangement

between flour and wheat, which we contend ought to govern. Simply because they are carrying wheat below cost, they would lose no more money if they were carrying flour below cost at the same pro rata.

By the Chairman:

Q. At the same time, to encourage the steamship companies to carry flour below cost because they are carrying wheat below cost is not a thing that is going to make them enthusiastic about the business?

Mr. WATTS: There is no reason why they should kill the industries of this country and carry wheat below cost, if they get the same pro rata return for carrying flour below cost; that is exactly the argument we used before the railroads. The railroads said "Here, we are carrying wheat from Port McNicoll to the seaboard below cost, because we must have the trade, otherwise we cannot get it, we have to compete with the Buffalo rates, we have to meet the Buffalo rates." We said to the Board of Railway Commissioners, or rather the Board of Railway Commissioners said to us, "Do you mean to say that we ought to order the railroads to carry flour below cost because they are carrying wheat below cost?" My answer was "Yes, and it is your duty to do so, because we can see that the railroads would lose less money by carrying flour below than wheat below cost."

Mr. CALDWELL: Would you be willing to extend that same principle to the milling industries in England? They have sold flour below cost. Should they sell below cost in Canada? That would be applying the same principle that you apply in the carrying trade.

Mr. WATTS: Do you mean selling flour below cost in Canada?

Mr. CALDWELL: Because they did it in England?

Mr. WATTS: Did I understand you to say selling flour below cost in Canada?

The CHAIRMAN: Mr. Watts, here is the question Mr. Caldwell is putting to you; he says you have used the argument that because the railways carry wheat below cost they should be prepared to carry flour below cost. Mr. Caldwell asks you whether you would logically carry the argument one step farther; it being shown from your evidence that they sell flour below cost in England, would you consider it logical and fair to sell flour in Canada below cost?

Mr. WATTS: No, sir. I am not asking the steamships to carry anything below cost, but when they elect to carry our raw product below cost, I say if they are paid the same amount of money in proportion they ought to carry the manufactured product below cost, because it is in the interests of the country to do so.

The CHAIRMAN: Before you get away from that question, do you not see that flour is the raw product for the human being?

Mr. WATTS: Yes, sir.

The CHAIRMAN: If they carry to the human being in England his raw product below cost, is it not rather hard that the human being in Canada should not have his raw product carried below cost too?

Mr. WATTS: Suppose half the milling industry is cut off in Canada, and the manufacture falls off, it follows that the cost will not be reduced any, because it stops there. Then what happens? There is no more flour milled for export, and they only have their local trade, the price of bran and shorts goes up at once to double what it is to-day, because there would be only one-half the quantity supplied.

The CHAIRMAN: We argued that before.

Mr. WATTS: You are getting exactly what was suggested, doing your local milling only. In a short time, if it goes on, you will have the very thing Mr. Sales has suggested, that the mills will be manufacturing for local purposes only, and the rest will be wiped out. You can easily see what the result will be.

Mr. CALDWELL: I would not like Mr. Watts to think that we are unsympathetic towards his case. I believe he has made a good case against the United States. However, we must consider these things in all their bearings.

Mr. WATTS: I am glad to have had an opportunity of giving you any information. I thank you for your courtesy.

The CHAIRMAN: Our thanks are due to you, sir.

ROBERT B. SCRIPTURE called, sworn and examined.

By the Chairman:

Q. Mr. Scripture, you are connected with the apple business?—A. Yes, sir.

Q. Where do you hail from?—A. Brighton, Ontario.

Q. Are you in the business yourself?—A. Yes, sir, both as a producer and as a buyer.

Q. There are some things about the business which I would like you to communicate to this Committee; you might make your statement, and we will then question you upon the different points that occur to us.—A. When I was asked to appear before this Committee I did not know whether I was to be asked questions, or to be questioned along the lines of production and exporting, or along the lines of transportation. I can say this, Mr. Chairman, that the apple situation in Ontario, as it applies at the present time, is this, that apples are being sold now at less than the cost of production. The apple situation in Ontario is that all or practically all of old Ontario produces as an adjunct to mixed farming about eighty per cent of the apples, and the remaining twenty per cent would be produced by men who specialize in raising apples. Owing to the fact that the average Ontario farmer is not in touch, through the small quantity the individual produces, the distribution is handled through buyers who buy competitively, that is, they do not fix prices among each other either in labour or what they shall pay for apples, but in the late summer and early fall they go to the orchards and bid against each other for the crop. They in turn find their market either locally, that is in Canada or export. Some men specialize in the local trade, others in export.

Q. Export to where?—A. Largely to Great Britain, but also to several other countries, such as South Africa, Norway, and Sweden. Our export to France is cut off now on account of the exchange. They ship to any place where there is a market for Ontario apples. The export business, as far as Great Britain is concerned, has fallen off greatly since 1918. I might go back still farther and say that the export business in Ontario is not a circumstance to what it was prior to the war. There are probably two reasons for that; the first is the increased cost of transportation and the increased cost of production; the other would be that during the war Ontario orchards were neglected, to the advantage of the production of grain and other foods which were allowed to be exported, while apples were not.

Q. Was there an embargo against apples being exported during the war?—A. Yes, sir.

By Mr. Caldwell:

Q. Do you know why?—A. They were not considered an essential food, and they took up too much space.

Q. They reserved the space for essential things?—A. For meats, and things of that kind. High prices prevailed when the embargo was taken off, and those prices induced the growers in Ontario to pay more attention to their orchards, but those prices have gradually declined until at the present time apples are being sold at less than the cost of production, unless there would be an exception in the case of the 20 per cent produced in Ontario by men who specialize in the business, and who have low costs of production. Transportation to-day is from 80 to 100 per cent higher than in 1916; it is 80 per cent higher than in 1916, and 100 per cent higher in many instances than it was in 1914.

By Mr. Sales:

Q. Is that ocean transportation, or rail?—A. Ocean transportation is not quite 80 per cent higher.

Q. What about rail transportation?—A. That is 80 per cent higher than in 1916, and 100 per cent higher than it was in 1914.

By the Chairman:

Q. What is your rail transportation?—A. These are the rates.

Q. And what is your ocean transportation?—A. Back in 1908 and 1909 ocean transportation to Liverpool was two shillings from the seaboard.

Q. Per barrel?—A. Per barrel, and to Glasgow two shillings and sixpence. That was raised in about 1914 to 74 cents to Liverpool and 80 cents to Glasgow. The present rate is $1 per barrel from any seaboard point to Great Britain.

Q. It went up as high as $5 a barrel, did it not?—A. That was during the war. That has fallen slowly to the present rate of $1.

Q. That is the situation?—A. Yes, sir.

Q. Would you give the Committee the benefit of your views as to in what way the situation can be bettered or improved?—A. The home consumption can be increased. I am speaking now of Ontario. The home consumption of Ontario apples can be increased by legislation against the sale of the low grade apples, No. 3's, because when buying No. 3's the consumer does not get his money's worth.

By Mr. Caldwell:

Q. Could we have a definition of No. 3; the grading now is Extra Fancy, Fancy, and No. 1?—A. Those are boxed apples.

By Mr. Sales:

Q. They have a new grade called Domestic, which has been used for some years?—A. Yes. I would not at the present time advocate discontinuing the use of Domestic, because it is good value and it supplies the cheapest trade.

Q. Why do you not do this: call it No. 1, No. 2, and No. 3, instead of having a Domestic between 2 and 3; 3 would really become No. 4.

By Mr. Robinson:

Q. Is No. 3 the run of the orchard?—A. No. The Act says that it shall contain no culls, and that covers a multitude of sins.

By Mr. Sales:

Q. Why do you have the Domestic coming in between No. 2 and No. 3?—A. It is a better grade of low-priced apples than No. 3.

Q. You could call the Domestic No. 3 and the other No. 4?—A. It is a name that was given. It was intended more for domestic use than anything that had been given a grade of No. 3.

Q. When the consumer gets a No. 3 apple he thinks it is next to a No. 2, when in fact he does not get it?—A. That is bringing up a most important question in Canada to-day, that is, educating the public to what they should get and when they should get it.

The CHAIRMAN: I think Mr. Scripture is driving along very well, and is giving us the real essentials. I think we had better leave him alone until he gets along with his statement, then we can ask him some questions.—A. Along the line of putting the Ontario crop on the market, I would like to say that if the buyer, who is the marketing factor for the producer, is not able to sell by direct sale to a dealer say in Montreal, and he pays the producer $2 per barrel on the tree for his apples, to yield a profit of thirteen cents the dealer in Montreal has to sell those apples at $5. The point is that $2 apples on the tree usually cost the consumer about $9, and the apple buyer is blamed for it. With the exception of one buyer in the province of Ontario, I do not know one in the province of Ontario this year who is not losing a lot of money, simply because the low grade apples were marketed at prices that were disastrous. The crop in Ontario was of poor quality, and there was not any increase in price between No. 1, the best grade, and No. 3, the poorest. If grade No. 3 was eliminated, the buyer, that is, the consumer, who probably is not acquainted with the three different grades, could not pay No. 1 prices for an article that normally would be hog feed, or something a little better, probably feed for pure-bred hogs. Every detail that has gone into the production of apples costs a great deal more money than it did in 1916, or back still farther than that. The freight rates on everything we use in producing apples are high, and, as I said before, on our finished product it is 80 per cent higher than in 1916, and the freight to the local consumer, that is, the freight from say Brighton to Montreal for consumption in Montreal is higher than the freight to Montreal for export.

The CHAIRMAN: That is another case where the native-born gets it.

WITNESS: Then along the line of education, I think the methods employed by the Canadian employees in Great Britain could be improved upon, because they recommend that Canadian apples be sold by auction.

Q. In Great Britain?—A. Yes. The British auction companies sell apples at a five cent commission, and on the return the large shippers I might say get a refund of from two to three per cent, that is, they actually charge me from two to three per cent for marketing my apples, while the commission men in Canada charge from twelve and a half to fifteen, and claim they do not make any money that way. So I maintain that the system in vogue in Britain does not give the Canadian customer 100 per cent value for the article he ships over. He does not get out of it what he should. Our freight rates from Ontario are such at the present time that we as buyers cannot export successfully, because during the winter months our export rates to Portland or St. John, freight and heating charges would amount to about 70 cents a barrel and if they freeze apples for us we find it utterly impossible to make any collection for damages. It is common knowledge among the apple men that the ocean rates are fixed in New York. We have known that for years and all we can do with the ocean companies is to hope and with the inland transportation is to pray.

By the Chairman:

Q. And with the weather to endure all. The young man has justified his name.—A. I don't know that I have any brief to file for the apple producer only

that from the loss that the dealers in Ontario have taken this year, they are certainly going to try and get that money back. Personally I lost $60,000 this year in handling that many barrels. Here is the position, that I have to get that money back, and the producer is the man who has to pay it to me.

Q. I would recommend you to try to get something out of the foreign consumer.—A. Our hands are tied that way because it is a dumping market.

Q. The British market gets the cheapest of all over the world?—A. Yes.

Q. I will ask you two or three questions and will leave you to people who know more about apples than I do. The Ontario apple has a very fine flavour. —A. It is not surpassed by anything in the world.

Q. Except the fameuse, which are grown on the island of Montreal.—A. It has a similar flavour to those grown on the St. Lawrence.

Q. We find fruit grown in British Columbia, sold throughout Eastern Canada which does not surpass in flavour, though it may surpass in appearance the eastern fruit. Why is that?—A. We find the same condition in Edmonton that you would find in Montreal or Ottawa. You would find Ontario apples and Nova Scotia apples in Edmonton—Ontario apples in Edmonton and British Columbia apples are sold in Moncton, Montreal, Quebec and Ottawa.

Q. Is it a principle that the far grown apple is always the sweetest?—A. I would not like to say that. I think it is perhaps a question of the varieties and the way they are packed.

Q. Is the way they are packed the great thing?—A. I don't think so, because there has never been any demand for Ontario boxed apples, but there is a certain demand among a certain trade for apples packed, that the dealer will know how many apples he is getting for the money he spends; just the same with oranges, he has a certain trade demanding apples by the dozen.

Q. What is your suggestion for improvement?—A. Raising the standard.

Q. Produce a better article.—A. Absolutely. Eliminating the cheap article by legislation. It should be put off the market.

Q. Mr. Scripture, did you ever think of the advisability of allowing the exercise of some judgment to the consumer?—A. In 99 cases out of 100 the consumer buys the inferior stock at the price he should pay for the high grade. There is too much spread between the wholesaler and the consumer. I know of a car of apples loaded in Grafton near Cobourg, for which the sum of 45 cents, 50 cents per hundred, I think was paid in bulk.

Q. Is that 100 pounds.—A. 100 pounds, yes. And these apples were sold in the province of Quebec at $7 a barrel.

By Mr. Hammel:

Q. How many pounds in a barrel.—A. About 135 pounds of that variety.

By Mr. Sales:

Q. Is there any law on profiteering.

Mr. ELLIOTT: Not in Quebec.

The CHAIRMAN: It has never been successfully applied anywhere else.—A. I think when apples are sold in a retail way, No. 3's, in the city of Ottawa are being sold as No. 1's, that is a man who goes in to buy a small measure of apples asks for apples and the retailer shows him what are supposed to be No. 1's and they are No. 3's. They should not be raised, and by education it is possible to encourage and to make the producer raise a better grade of apples, which he could market at a profit and which the buyers could market at a profit.

By Mr. Caldwell:

Q. You say prohibited by legislation?—A. Prohibit the sale of the low grade apples.

By the Chairman:

Q. You said the buyer, who has bought at $2 per barrel on the tree, to make a fair profit has to sell at $9 a barrel to the consumer?—A. I said that apples I would pay $2 a barrel for I would have to sell at $5 to make me 13 cents, but the consumer would pay $9 a barrel for them.

Q. You say that such a transaction only leaves a modest profit?—A. 13 cents.

Q. That seems a small profit, when you have such a gross spread. Then there is the profit from $5.00 to $9.00 from the one transfer?—A. They might go from the wholesaler to a small retailer or peddler.

Q. Just follow the history of apples, when you pay $2.00 on the tree, until they get into the consumer's cellar at $9.00.

By Mr. Robinson:

Q. What do you pay for the barrel, the empty barrel?—A. 75 cents, plus 3.6 cents sales tax. That price this year on account of the increase in the price of lumber will be 85 cents. Today's prices would be 85 cents.

Q. What does it cost for picking and packing?—A. Picking and packing and loading, 60 cents.

Q. The barrel costs 78 cents?—A. Yes.

Q. And the picking, packing and loading costs 60 cents?—A. Yes.

Q. What is the freight on a barrel of apples from Toronto say to Montreal? —A. The freight from the district between Toronto and Belleville, which is a large producing area, freight and cartage in Montreal would run about 75 cents.

Q. Do you spray your trees?—A. That comes in the cost of production. Add to that cost the costs of buying and overseeing, the packing and of finding a market, an overhead of 25 cents a barrel. If they cannot find a sale for those apples and they are sold by a commission dealer in Montreal, his commission would be 62½ cents. If they went to Quebec it would be 75 cents.

By the Chairman:

Q. Don't you know were you are going to ship them? That is not a usual charge, is it?—A. That is the usual charge.

Q. You don't usually run into that charge?—A. If I made a sale to that same dealer the price I would get would be only $4.00 a barrel. The wholesaler to whom I sell the apples, either on consignment, or to whom I sell them figures he has to make 75 cents to a dollar a barrel.

Q. We have got up to 25 cents. Now go ahead.

By Mr. Robinson:

Q. A commission of 75 cents. That brings it up to $3.13. 25 cents for the overseeing and the packing.—A. You have the barrel 78 cents, picking and packing at 60, and the overhead, 25 cents, say the freight and cartage is 70 cents and the commission 62½ cents.

By Mr. Sales:

Q. 62½ cents per barrel?—A. Yes.

Q. Leave off the 25 cents.—A. No, the cost of buying is there just the same.

Q. In this 25 cents overseeing, packing, etc., have you got your profit? Where does the profit of 13 cents come in.

By Mr. Clifford:

Q. Haven't you made a mistake on the freight rate to Montreal?—A. The freight rate would be 68 cents; the freight rate to Quebec is 75 cents, which makes a profit of under 20 cents.

By the Chairman:

Q. If your figures are correct it does not make a profit at all. It is a red line profit, according to the expression of our western friends.

By Mr. Clifford:

Q. I have the freight rate, 29½ cents a hundred.

By Mr. Robinson:

Q. You have given me the item in two different ways, so they do not come to the same thing?—A. The apples $2.00, the barrel, 78.6, packing and loading, 60 cents, overhead, 25 cents, because the freight to Montreal is 60 cents.

By Mr. Caldwell:

Q. You gave that as 75 cents.—A. That was to Quebec, where the commission is increased.

By the Chairman:

Q. Let us have Montreal first.—A. That means that the apples cost ready for sale, $4.23 in Montreal. Then if those apples sell at $5.00 a barrel the commission is 62½ cents.

Q. What do you base that on?—A. On the selling price. 12½ per cent of the selling price.

By Mr. Sales:

Q. $4.23? What is the percentage of their commission charges?—A. 12½ cents.

Q. Twelve and a half per cent for the selling?—A. Yes.

Q. What do they do for it?—A. They sell them.

Q. By auction?—A. In some cases, yes. In some cases, private sale.

Q. They are merely commission men, with no money invested in these apples at all?—A. Yes.

Q. They get more profit than the man who grows them?—A. Absolutely. They get more profit than any one else does. Of course they are responsible for bad accounts. That is their brokerage, 12½ per cent.

Q. Can't you do without them?—A. Not in a year of large production.

By the Chairman:

Q. We have got down to $5. If Mr. Scripture finds $5 for himself, and I have a shrewd suspicion that he usually finds $5 for himself, he makes the difference between $4.23 and $5?—A. My average price on the apples I sold would be $4.50 a barrel f.o.b. shipping point.

Q. That left a narrow profit?—A. Yes.

Q. I am a consumer of apples. You say they would range about $5 wholesale in Montreal?—A. Yes.

Q. How does it come I have to pay $9?—A. If you are living out of Montreal—

Q. Well, I live in Westmount.—A. Your dealer would come all the way and probably buy these apples in the auction at $5 and it probably would cost him—they say it costs 20 per cent to do business in Ottawa; it probably would cost as much in Montreal or Westmount through this dealer of apples, plus his profit, and then he would have to make his profit on that. I understood from a dealer here yesterday that he makes no profit on 20 per cent.

Q. Twenty per cent will pay for his overhead?—A. Yes.

By Mr. Sales:

Q. Has he got wages to pay?—A. I don't know. I am not in a retail business, but that is what the retailer told me. It cost him 20 per cent to do business. That is why we do the collecting. He makes his profit on the $6, but suppose those apples were going to Quebec city, then add to that again that $5, the freight.

Q. Not to the $5?—A. Oh, yes. Those apples are sold in Montreal—those $5 apples are sold by the wholesaler in Montreal.

Q. Are there any wholesalers in Quebec?—A. There are, but they often come to Montreal to do their buying. We won't go as far as Quebec. We will go to Three Rivers. The dealer from Three Rivers will probably buy a carload of apples from Montreal, pay the freight rate to Three Rivers, which is perhaps 50 cents. His cost is $5.50. He has to get a profit on his carload when he sells it to his distributor. A is a wholesaler in Montreal; B is a wholesaler in Three Rivers. He has to get his 12½ or 15 per cent, which is charged for doing business there. The apples cost there approximately $6.30 a barrel. When he sells them to the distributor, who makes a profit.

Q. Do you say apples in Montreal cost the consumer $9?—A. The apples in Montreal would cost the ultimate consumer $9 because the wholesaler sells them to the boss peddler—

Q. Is that the $5 apples?—A. Five dollars is what the boss peddler pays for them at the auction and he sells them to his small peddler.

Q. What does the boss peddler get out of it?—A. He pays $5. He might get $6.

Q. He gets $1.—A. But the consumer always pays the same price irrespective of profit or anything else. His price is 30 cents per small measure, which is a little over $9 a barrel.

Q. In a large market?—A. It makes no difference. There is never any spread to the consumer, whether it is apples or oranges or any fruit product, I don't know of any spread to the consumer. It is a price fixed by the retailer or by the peddler.

Q. Is there a retailers' association?—A. I don't know.

By the Chairman:

Q. That price represents largely the cost of bringing the apples to the door of the consumer?—A. Yes.

Q. What proportion of your trade do you think is peddled out in that fashion?—A. Montreal is the largest apple consuming district in Canada.

Q. It is the largest city in Canada also.—A. I would say the largest in proportion to population because apples are the cheapest fruit that they can buy.

Q. And one of the healthiest.—A. I think so.

By Mr. Sales:

Q. Is there anybody else between the boss peddler and the retailer?—A. This is the majority of consumption, in Montreal, the peddler.

By the Chairman:

Q. They are not sold in fruit stores, in groceries?—A. No.

Q. You think they are peddled out?—A. Yes, I know it.

By Mr. Sales:

Q. They take 50 per cent of the profit?—A. Yes, of course they have their cost of distribution.

By the Chairman:

Q. You would have a great deal more market for your apples if you could have a better system of distribution, would you not?—A. Absolutely.

Q. You must have an intelligent man feel that this is a pretty wasteful form of distributing a natural product.—A. It is, but it is the only outlet because the consuming public don't know what they pay for apples.

By Mr. Bouchard:

Q. Does it not depend on the producer?—A. Absolutely.

Q. As far as I know we have not to deal with that question.—A. Take the best retail stores in Montreal, you will pay an even higher price than the man who is buying low grade apples at 30 cents a small measure.

Q. Will you pay for superior fruit or just the same?—A. You will pay in some cases for superior fruit; in some cases just the same. I have seen apples in the best stores and offered for sale in small baskets in Montreal on St. Catherine street, apples of the same kind I have seen sold in the morning in the auction for under $4.

Q. Four dollars a barrel?—A. Yes.

Q. What would that mean, that 19 cents a basket?—A. A six-quart basket holds about 8 pounds. Eighteen dollars a barrel.

Q. Now, Mr. Scripture, have you gentlemen in the apple business thought of how you could improve your system of distribution?—A. I have tried myself—I handle quite a lot of apples and I put a traveller into the province of Quebec—I have for two years, in the fall of the year, late summer and early fall, and he found it impossible to sell more than four or five carloads of apples because the dealer would prefer, that is the dealer in outlying places, would prefer to go into Montreal, do his buying and pay an extra commission and an extra freight, because I can ship apples from the point where they grow direct to, say, the dealer in Shawinigan Falls, but he prefers to go into Montreal to buy those apples from the Montreal dealer, sometimes for two reasons; he can get credit there and he can get a better selection. He might get an apple that would suit his trade. He could buy 3rd's or he could buy what he thought he could sell.

By Mr. Caldwell:

Q. That is based on a sample market entirely.?—A. Yes, largely.

By Mr. Robinson:

Q. Do you have any association among apple growers, your county organizations in Ontario, in the largest producing sections?—A. Northumberland and Durham have an amalgamated association of producers, largely educational.

Q. That is they don't go into the business of marketing apples?—A. No.

Q. In Nova Scotia we have the United Fruit Growers?—A. The apples in Nova Scotia are all centred in the Annapolis valley, and they have all to pass through Windsor. In Ontario the apples are scattered.

Q. They come through Windsor, then go to Halifax too in coming to Montreal?—A. They are on one line of railway. In Ontario the growing section is from the Ottawa valley to Lake Huron and from Lake Erie to Georgian Bay, inclusive. I know the United Fruit Growers of Nova Scotia send men to Montreal and Toronto.

Q. They have the buying organized and they have the selling organized, that they sell a certain quantity of apples in the Fall of the year?—A. This year they have not sold any since Christmas.

Q. I am speaking about the handling of apples. Do you have a warehouse or anything of that kind where you can store them before you ship them?—A.

Yes, otherwise the whole crop of Ontario would be put on the market probably about the 15th of November.

Q. Who owns those warehouses?—A. The dealers largely, because a frost proof warehouse is too munch of an investment for the average farmer, whose production would be only 400 to 1,000 barrels.

Q. If they were united they would be able to handle it?—A. That is the disadvantage in Ontario. Co-operative associations have tried to operate in Ontario but not successfully. I know of only two who are doing business successfully at the present time.

Q. What kind of associations are they in?—A. Handling apples.

Q. Not handling feed?—A. Not that I know of.

By the Chairman:

Q. Is that due to the mentality of the people of this province or the geographical distribution being scattered all around?—A. It is due to the fact it is scattered, that is the districts are so separated it would be impossible.

By Mr. Hammell:

Q. The fruit growing districts are widely scattered?—A. Yes, and they are in the section of old Ontario, with the exception of the Ottawa valley.

Q. I don't see why they could not have that section organized and the other section organized?—A. The United Fruit Growers is not one monopoly. It is composed of men who raise apples almost exclusively but in Ontario the production of apples is almost in the hands of mixed farmers, but the apples are a side line.

Q. Do you have any evaporators there for handling the apples?—A. For handling the apples. The suggestion is it would be good business not to market them.

Q. Yes?—A. We have in Ontario many canning factories, who last year did not get enough apples for their own use. Cider plants and evaporators in every section that I am acquainted with in Ontario—

Q. They did not get enough?—A. The evaporators got enough.

Q. What about the canneries?—A. They did not get enough. We had the frost earlier than usual and applies freezing prevents their use for canning.

By Mr. Robinson:

Q. By education or by any other means are we ever going to get rid of spot apples?—A. By careful attention to orchard practice, my own experience has been that it is possible to raise apples 99 per cent free of spot.

By Mr. Hammell:

Q. By reason of the fact that these present apple growers only handle this as a side line, they do not pay any particular attention perhaps to that?—A. No. Let me make that plain, that during the war orchards were neglected and the high prices have brought these small orchards back into production, with a good class of fruit, but with prices prevailing at the present time they will not look after these orchards as they should be looked after, with the result that inferior grade fruit is going to be put on the market, which will force the price down much lower, much lower than the cost of production on apples, and more than that, Ontario will lose one of its quite important industries.

By Mr. Robinson:

Q. My solution of that would be, if I were asked to give one, that these men who put out so much orchard—this was the history of it in Nova Scotia, that until a man got out so many trees that he had to make good or go to the wall,

they would not begin to take care of their orchards, but when they found they were going under, they got to work.—A. Against that is the fact that the orchards that are in production at the present time will not, in 1923, be profitable.

Q. We have the same condition down home, but we are not looking for that to continue.—A. But you have that all centered in Nova Scotia. In Ontario it is impossible to drive over the apple section in less than three days.

Q. It is spreading out considerably. It used to be confined to two counties, now there are four.—A. But it is in the same part of the country.

By Mr. Sales:

Q. What do you think the men ought to get, to be on a basis of cost of production?—A. Cost of production varies. The provincial government, through one of their employees, had a census taken of the cost of production in the county of Durham, about three years ago, and the figures ran from $2 to $8.

Q. Still, you are a practical man, you are growing apples, what is your cost of production?—A. In 1922 it was $1.57, but that was the lowest cost of production in Ontario. That is, let me qualify that. The farmer who did absolutely nothing to his orchard, did not spray or cultivate or fertilize it, his cost of production, if he had any apples at all would be low.

By Mr. Caldwell:

Q. He could not continue to produce very long, his orchard would run down under that method.—A. Yes, and the fruit he produced would be of very inferior quality, it should not be marketed, because there should be, I think, a tendency to encourage the raising of a higher standard article.

By Mr. Sales:

Q. You have included in that $1.57 interest on your land, and spraying and everything?—A. Yes, 10 per cent interest on an investment of $1,000 per acre.

Q. Did you do any trading in the West, years ago?—A. I have done very little business in the West in the last four years.

Q. How do you account for the dropping off?—A. It was voluntary, I could not find a satisfactory connection in the West.

Q. You do not think the freight rates put the thing out of business?—A. The freight rates—only our highest grade apples, such as Northern Spies, Macintosh Red and Snows, and Tallman Sweets would be the only apples we could ship to the West profitably. It costs almost as much money to ship a car of apples from Brighton to Winnipeg as it does from Brighton to Liverpool.

By Mr. Clifford:

Q. You gave the Committee to understand—I do not want to get the wrong impression—that all apples sold in Montreal, that the consumer paid $9 a barrel; you do not mean all varieties?—A. No. If the consumer would go to the auction, he could buy the same apples that he pays $9 a barrel for, for $3.

By Mr. Sales:

Q. Do they sell them by the single barrel?—A. Five consumers could buy five barrels.

Q. So you think the consumers could be co-operating as well as the producers.—A. The consumer should be informed from some source. The Ontario producers have not funds enough to advertise the apples as they should be advertised, so that the consumption would be increased by the lowering of the cost to the consumer and the consumer protected in getting what he paid for. That is, if he paid a price for No. 1 apples, he should get No. 1 apples instead of apples that should be thrown away.

By Mr. Sales:

Q. But as long as he just asks for apples he just gets apples.—A. Yes.

Q. But if he asks for No. 1 apples, he may get No. 3.—A. It is being done everywhere to-day, even in this city, with a staff of inspectors going around through the stores.

Q. Would you suggest that apple sellers should be compelled to place No. 1, or No. 2 or No. 3, on the fruit in the shop?—A. If it were practicable to do that, yes. I think it would be good business, that, along with a policy of educating the consumer and buyer to the fact that he was getting more for his dollar invested by buying high grade apples than low grade.

By Mr. Caldwell:

Q. Do I understand that this Fruit Grading Act that has been passed, compelling people to market apples according to grade does not mean anything to the consumer?—A. To the consumer, in less than a package lot, it does not mean anything.

Q. For whose benefit was this act passed?—A. It is for the export business, and it is for the man who buys a barrel of apples and who sells honestly. When there is a No. 1 stamped on a barrel of apples raised in Ontario, it is No. 1 all the way through.

By the Chairman:

Q. I suppose, Mr. Scripture, the honesty among the producers, and a knowledge among the consumers would go a long way in making the situation better.—A. It would help, but we are up against higher costs in everything, that is, our costs are, I would say, 60 per cent to 100 per cent higher than in pre-war times, and our prices are now back to pre-war levels.

By Mr. Elliott:

Q. Mr. Scripture, you mentioned at the start that there was quite a demand for boxed fruit in Ontario, boxed apples.—A. Considerable, yes.

Q. You also stated that there was no demand for Ontario boxed apples.—A. Not to amount to anything.

Q. We will all admit, or at least I will agree, that the Ontario apple is the best apple—.

The CHAIRMAN: The Ontario people admit that.

By Mr. Elliott:

Q. What I want is this; why is there not a demand for boxed fruit, apples, in Ontario?—A. I think it is a question of the finish. In Ontario we cannot finish our apples as well as the apples on the Pacific Coast.

By Mr. Caldwell:

Q. What do you mean, not so well coloured?—A. Yes, and there is more variation in sizes, that is, if we boxed apples, we would have too many sizes in every car. The growth in British Columbia or along the Pacific Ocean is more uniform, the apples are more uniform, and my experience has been in handling Ontario boxed apples that where they were thinned, in order to give them colour, the size was too large to meet with ready sale.

By the Chairman:

Q. Were they thinned to become large?—A. No, to give them a good colour, then the size was too large. I had that experience last year, with Northern Spies, in one orchard, and it was rather disastrous; I lost money on that. They were beautiful, but they were too large, they were as large as that pitcher.

By the Chairman:

Q. As large as that pitcher?—A. Yes. I had 400 boxes of 80's and smaller.

Q. One apple would make a dessert for a small sized family, then.—A. It depends on the size of the family.

Q. You mean as round as the pitcher?—A. Yes; even in Ontario we cannot raise them that big.

By Mr. Elliott:

Q. Mr. Scripture, has there ever been any effort made by the Ontario producers to develop this boxed apple trade?—A. Yes, there are some growers in Ontario who are boxing apples, but they are small growers and their output is limited.

By the Chairman:

Q. What success have they had?—A. Very limited success. Old Country buyers and buyers in consuming districts look for Ontario apples to be placed in barrels. I have a trade in South Africa, and they ask to have Ontario apples barrelled, and it is the same in Scotland. I have offered the same variety in boxes and barrels, and they preferred the barrels.

By Mr. Elliott:

Q. Does that hold true with British Columbia apples, do you know?—A. I do not know, because I do not think any British Columbia apples are barrelled.

Q. From the Maritime Provinces?—A. They look for Nova Scotia apples to be barrelled, too. I do not think it has been a success in Nova Scotia.

By Mr. Robinson:

Q. Only to a small extent, and that is by some growers, who have taken great pains—.

The CHAIRMAN: That is for a special trade?

Mr. ROBINSON: That is for the hotel trade, or something like that, and they wrap each apple in paper.

The WITNESS: The same thing applies to Ontario, but the bulk of the apples throughout Ontario and the East are barrelled.

By Mr. Elliott:

Q. Do you not think that a barrel of apples is too large a package to place upon the average market, for the average consumer? The point I wish to get at is this; instead of putting them into a barrel, if they would divide the apples into three boxes, and place them on the market, the consumer, the smaller consumer, would be able to buy that smaller package in preference to a large one? —A. It has not worked out that way, because the cost of putting that box up is greater than packing the barrel. The cost of packing three boxes is greater than the cost of packing a barrel. They actually get more food value from a barrel than from a box. I believe the cost of packing in British Columbia is 43 cents a package, something like that.

The CHAIRMAN: They got it far higher than that when they were here the other day. They said it was 60 cents, and I think it was going to 80 cents.

Mr. CALDWELL: No, they said they were going to reduce it.

By the Chairman:

Q. Mr. Scripture, do you see the point that Mr. Elliott is driving at? His point is that if apples were placed on the market in smaller packages, people of very small means, buying a peck at a time from a peddlar or corner grocer, could have apples sent to them more directly in a smaller package which they could pay for.

Mr. SALES: And which could retain the marks of No. 1 grading.

The WITNESS: The cost of introducing the smaller package would be much greater.

By the Chairman:

Q. Mr. Scripture, you have explained very clearly and very graphically how the $2 a barrel apple on the tree gets down to the ultimate consumer to be $9 a barrel. There is a lot of leeway there?—A. Yes, but there is this, that the smaller package—first of all, Ontario apples are not suitable, are not as suitable for boxing. If you get a middle or smaller package you have the question of transportation, that is transportation from the orchard to the consumer, which would shove the cost up very high. It is an actual fact that anything that is packed costs more than bulk, and a barrel is you might say, a bulky package.

Mr. CALDWELL: I know that a great many B. C. apples are sold in New Brunswick in boxes.

Mr. SALES: We have not been able to buy barrels of apples from the east for years. I think the last we got cost $10 or $11. We used to buy them for $4 or $5. The fact is that we have been doing without apples. We have not got one quarter of what we should have. I used to buy six barrels in the year. Now we have to resort to other things. We have to get along on our rhubarb and our own citrons and strawberries. It is wonderful what we can do when we have to do it. That is the situation in western Canada to-day.

By Mr. Bouchard:

Q. Have you any idea of the way fruit is distributed in England to the wholesale co-operative societies?—A. In 1921 I sold to a wholesale co-operative company a considerable quantity of apples. I believe they distribute to a great many stores, and they are not now asking for consignments of apples because they claim they can buy apples cheaper in Glasgow than they can buy them in Ontario. ButI know that they are not getting as good quality in Glasgow at the price they are willing to pay as they could get here.

Q. But the distribution to the consumer, how is it worked?—A. I do not know.

The CHAIRMAN: Any other questions. We are very much obliged to you Mr. Scripture, for your statement.

The Committee adjourned until Friday, March 23, at 10.30 a.m. to meet in executive session.

HOUSE OF COMMONS,
COMMITTEE ROOM 268,
TUESDAY, March 27, 1923.

The Special Committee appointed to inquire into agricultural conditions throughout Canada met at 10.30 a.m., the Chairman, Mr. McMaster, presiding.

W. H. CHASE, called, sworn and examined.

By the Chairman:

Q. Mr. Chase, I understand that you want to get away, so we will hear you first. You come from that portion of Canada known as Nova Scotia?—A. Yes, sir.

Q. You are connected with some association of apple growers in that country?—A. Apple shippers.

Q. What is the name of that association?—A. The Nova Scotia Apple Shippers' Association.

Q. Is it composed of apple growers, or apple merchants?—A. Both.

Q. When was it formed?—A. Three or four years ago; I would not say exactly when.

Q. It is of fairly recent growth?—A. Yes, comparatively.

Q. Are there a number of members?—A. Not a large membership.

Q. Roughly how many?—A. Roughly about forty or fifty.

Q. How long have you been connected with that association, Mr. Chase?—A. From its inception, its organization.

Q. Are you a grower, or a shipper?—A. I am a shipper.

Q. Have you an orchard of your own at all?—A. Not what we call an orchard.

Q. Up here in this part of Canada, almost any group of fruit trees is called an orchard. What do you call an orchard, in Nova Scotia?—A. A man who grows from 1,000 to 5,000 barrels of apples is supposed to have an orchard.

Q. That would be roughly how many trees?—A. We estimate forty trees to the acre, and sometimes twenty, fifty or one hundred acres would be the size of the orchards. I grow about 400 barrels myself, but I do not call that an orchard at all.

Q. How do the shipments now compare with the shipments of twenty years ago; have they grown greatly?—A. The business in Nova Scotia is particularly an export business, entirely or almost entirely. The shipments of twenty years ago would be probably in the vicinity of 200,000 or 300,000 barrels.

Q. What are they now?—A. The shipments now would be upwards of a million.

Q. A fourfold increase?—A. Yes, fully.

Q. During the last few years have you had any trouble getting space for the shipment of your products to the British or other market?—A. No trouble to get space; I cannot say that we have had any serious trouble along that line, but those who had space to offer, held it at a very high price.

Q. The rate of freight was high?—A. That has always been one of our troubles, at least since the war. I will limit it to that; previous to that it was all right.

Q. Previous to that you had no trouble?—A. Previous to that we had no reason for complaint.

APPENDIX No. 3

Q. Will you please rehearse to the committee, who are vitally interested in this matter, the troubles you have had, and the way in which Nova Scotia has overcome them, if you have overcome them?—A. We have not overcome them yet.

Q. You have not?—A. No. The greatest curse of the transportation problem is simply this, that Atlantic freight rates to-day are made in New York the first Thursday in every month behind closed doors.

Q. Do our Canadian ship lines form part of that conference?—A. They do, all of them, not excepting our Merchant Marine.

Q. Not even excepting our own Merchant Marine?—A. No, sir.

Q. Will you enter a little more particularly into your own experience with this North Atlantic Conference; rehearse the situation briefly?—A. Well, I don't know; I might say that the rates before the war on apples from Halifax to Great Britain were on the basis of two shillings and six pence per barrel.

Q. That is, about seventy cents a barrel?—A. That means sixty cents. Ever since the war, they commenced with a rate of $5 per barrel, freight prepaid. That was the first fruit that was carried.

Q. That is to say, when fruit could be carried again?—A. As soon as the embargo was lifted. Of course there was a time when we were not allowed to export, but as soon as the embargo was lifted the rate of freight was made during that season $5 per barrel. Prices at that time, although I think the English Government put a limit on them, were very high, so it did not make so much difference. The next season—

Q. Let me interject a question here, Mr. Chase; were you able to export many apples at $5 a barrel?—A. Everything; there was no limit. Money was abundant, and they put a price in Great Britain of something like 55 shillings a barrel on apples, 1's, 2's and 3's all sold at the same price, the demand was so great. Of course that will never occur again; it was not a market condition question.

Q. The conditions were abnormal?—A. Absolutely. That enabled a tremendous price to be collected by the steamship people. When the next season opened of course trade began to assume its natural channels, and I think the rate was put at $3 a barrel, although I would not be sure, but ever since the Shippers' Association have been fighting the steamship companies from month to month and from week to week to get these prices down; in fact last autumn I was appointed a delegate to go to New York to meet with these representatives of the Atlantic Board regarding freight rates. Market conditions were very bad. The freight rate they had established on the Atlantic Board was $1.25 at first; they talked that at first, but they came out after they had met us and talked the matter over and decided they would give $1.15. As I said before, this is made the first Thursday in every month behind closed doors in New York.

Q. At No. 8 Bridge Street?—A. I do not know the place where they meet.

Q. Didn't you go to meet them?—A. I met them in New York, but I do not remember the street or the office. It was a delegation from all America, United States people as well as Canadians, but I think I was the only representative from Canada.

Q. Were the American apple growers making common cause with the Nova Scotians?—A. No, because there were about 15 or 20 of us there.

Q. A gentleman who was examined before this Committee a week or so ago said that the reason why the rate was taken down was that the Nova Scotians asked for it; did you have to ask for it often?—A. That is a half truth, Mr. Chairman, and a half truth is the most damnable thing that can be said.

Q. We will put it on the record that half a truth is one of the worst things there is to overcome?—A. All right; put it as you like.

Mr. SALES: That is a pretty clear statement.

By the Chairman:

Q. Tell us the other half of the truth.—A. Before going to that Convention I had been promised a charter for Glasgow, to ship at the rate of 75 cents.

Q. Per barrel?—A. Per barrel.

Q. What ship did you close it with?—A. She was—

Q. Was she a tramp steamer?—A. No, she was not a tramp steamer, she was a big Northwest Fur Company steamer. I forget the name of the company at the moment.

Q. Do you mean the Hudson Bay Company?—A. I mean the Hudson Bay Company. The name of the ship was the Bay Eskimo. That was the name of the vessel; she was a very powerful ship, and carried about 8,000 or 10,000 barrels.

Q. You had closed this at how much did you say, 75 cents?—A. 75 cents Then I was appointed a delegate to New York. I was negotiating for the charter before going there. The rate then was $1.15; we had had one meeting before with representatives of this Shipping Board at the head office of the Shippers' Association; and the representatives there—mind you there was only one that really had a seat in this Blue Board Conference, there was only one, I asked the question myself and there was only one that had a seat at the inner circle that was right there, the others were simply lieutenants outside; they gave us a rate starting at $1.15. We had very bad markets; the returns were coming back at about fifty cents a barrel to the grower, and you know what that means. We were endeavouring to get the price down from two angles, the market conditions and the economic conditions. I took the contention that the economic conditions were such that they were not justified in charging that rate. I was well aware that they were prepared to reduce the rate of freight to $1 a barrel, and I thought that was a fair thing to ask. We contended for not more than ninety cents a barrel. Now, while the Shippers' Association are willing to give to regularly established lines a little increase in freight over which they can charter tramp steamers, the question I asked them was "How much more do you think you should have?" The reply came back to me that they thought about twenty per cent more. I said "All right, we will accept that, gentlemen; the evidence is that we have chartered a steamer at 75 cents, but we will give you 20 per cent more, which is 90 cents, we will close a contract with you for the balance of this year at that rate." They declined to accept it; they gave us the rate of $1 per barrel for the rest of the season, and we went on chartering steamers.

Q. Do you know whether the rate you were able to charter a steamer for was a rate that would give a fair return to the steamer chartered?—A. I will answer that question from another angle. I just happened to get a telegram yesterday, which I will hand to you. We also engaged in business with the West Indies.

Q. Shall I read this to the Committee?—A. Certainly.

Q. I will read this telegram:

> "Have closed steam Peneto load potatoes for Havana Pickford and Black Limited."

A. Yes.

Q. What rate was that?—A. 65 cents. That is back exactly to pre-war prices. What I am trying to establish is that economic conditions in transportation, as far as ships are concerned, are back to where they were before the war.

Q. Let me address your mind to this problem. The transportation interests say they have to pay three times for whatever they carry beyond what they paid before the war, and that they are paying very much more for their help than before the war?—A. How many of them burn coal to-day, Mr. Chairman?

Q. A great many of them do.—A. A little more than half, but not much. The tramp steamers burn coal, but not always. We have had tramp steamers that were burning oil.

Q. Your contention is that from your knowledge of transportation, by a substitution of one fuel for another, which does away with a lot of work, a ship should be able to be operated to-day at about the same cost as before the war; is that your view?—A. Very close to it, sir, and that is the only salvation of Canada.

Q. You mean, to have a reasonable rate?—A. To have reasonable transportation. The farmers I think all over Canada have their problems; the West is no exception to the East; the East has its problems, just as serious as those of the West. They are producing potatoes in the East to-day, and they are not getting one-half what it costs to produce them. That is not only this year; it has been going on for two or three years, and one of the great reasons for that has been this, that transportation has been holding it up, and it is only this year that we have got the rate down to sixty-five cents. Two years ago we were paying one dollar.

Q. Is a barrel of potatoes the same size as a barrel of apples—A. Yes, sir.

Q. Do they weigh about the same?—A. No, sir; potatoes are heavier than apples.

By Mr. Sales:

Q. Are you basing these remarks on ocean transportation?—A. Yes, sir.

Q. And on land transportation as well?—A. I know about ocean transportation.

By the Chairman:

Q. I suppose all Nova Scotians are more or less mariners?—A. They are more or less mariners, yes, sir, I am sorry to say. Nova Scotia occupied a very proud position as a Maritime Province for years; to-day she does not.

Q. There was a time when Nova Scotia was one of the great Maritime peoples of the world?—A. That is true. You would find her ships everywhere —but not now.

The CHAIRMAN: Are there any other questions along this line you would like to ask, Mr. Robinson?

Mr. ROBINSON: Not if you have established the facts.

The CHAIRMAN: We have established through Mr. Chase that the bringing down of the rate was not simply an act of benevolence on the part of the steamship companies, in order to be agreable to the Nova Scotians who asked for it, but because the Nova Scotians had gone out and co-operated and hired a ship of their own.

WITNESS: We have consignees that meet in New York. We have gone on chartering, we have chartered six or seven.

I would like to tell you another thing; they have in New York an outside line, and those same people offered us a ship from the outside line, Smith & Reardon, I think the name is.

Q. The Reardon-Smith Company?—A. I think that is it. We chartered four ships to go to Halifax from New York, and each one of them carried 10,000 barrels of apples to different ports in Great Britain at 75 cents a barrel.

I would like to tell you the sequel to that; the same people we do business with as charterers were waited upon by some people who are inside—I don't know that I am transgressing any rule, because I was not told to keep it back—and they were told "If you represent this line we withdraw our patronage from you."

Q. Give us the name, give us the representative who was told that.—A. The people who sent that telegram.

Q. Pickford & Black?—A. Yes, sir.

Q. Pickford & Black were told by the North Atlantic Conference?—A. By a member of the North Atlantic Conference, who were agents, that if they continued this business to represent Smith & Reardon they would have to withdraw their business.

Q. Do you know what representative of the Conference said that?—A. No, I don't know.

Q. Were you told that by somebody connected with Pickford & Black?—A. One of the firm.

Q. If I get it right, you made an arrangement with this firm of Reardon & Smith?—A. Through Pickford & Black.

Q. Through Pickford & Black the Nova Scotia shippers of apples made an arrangement for the transportation of apples by the Reardon & Smith line?—A. Yes, sir.

Q. Of New York?—A. Yes, four steamers.

Q. Four steamers?—A. Yes.

Q. To carry apples at what rate?—A. Seventy-five cents a barrel.

Q. And when that arrangement had been made a member of the Conference —A. After the apples had been shipped.

Q. After the apples had been shipped a member of the Conference told Pickford & Black that if they continued to make such arrangements on behalf of the Nova Scotia shippers of apples, that Pickford & Black would find patronage withdrawn from them by other lines in the combine?—A. That is just a little different; if they continued to represent Smith & Reardon. Smith & Reardon would be called, in street terms, a scab line. Put it that way if you like. Pickford & Black might have chartered the Bay Eskimo or any other outside steamer; we did charter one steamer from Pickford & Black, but we pick up steamers from four or five chartering houses through whom we do business.

By Mr. Hammell:

Q. Smith & Reardon are not in the North Atlantic combine?—A. They are not.

By Mr. Sales:

Q. Is that the only independent line there is, the Reardon & Smith line?—A. I could not say.

Q. You do not know of any others?—A. I could not say; I am not conversant with New York business lines. I know they have lines running to out ports, such as Norway, Sweden, and other points to which they carry freight at very much less than they do to Britain.

Q. The only boats you have been able to secure to break the combine are the lines of Reardon & Smith?—A. No, sir, we have chartered lots of steamers, such as the Bay Eskimo. I could give you half a dozen more.

Q. Who do they belong to?—A. They belong to anybody; they are what you call tramp steamers, Norwegians, they are very large owners, and do a very large portion of the transportation. They have a lot of steamers in the fruit trade south; they come off of those charters, and we take them for apples.

By Mr. Caldwell:

Q. They are not in the North Atlantic Conference?—A. No.

By the Chairman:

Q. Have you any explanation to make or any suggestion to offer as to why the Norwegians are able to operate at a very low cost? I have heard it suggested —you will correct me if I am wrong—that very often the captain is a joint owner of a vessel; do you know whether that is so?—A. I do not see why that should make any difference. I would not say but that he might have stock in the company. The Norwegians are great workers. One of the best sailors I knew when I was engaged in the shipping schooner business always used to like to get Norwegian sailors; he thought they were the best of all.

Q. Even over the Nova Scotia or Prince Edward Island sailor?—A. Yes, sir. I have known this business a long time; I have been at it a great many years, and can give you lots of information.

By Mr. Robinson:

Q. I just have a few local questions more or less that I wanted to get some information on. We ship our apples from Halifax?—A. Entirely.

Q. You ship some potatoes?—A. We do.

Q. To where?—A. Cuba.

Q. Where do you ship the potatoes from?—A. Halifax mostly.

Q. Any from Kingsport?—A. Yes, but not this season of the year. Kingsport is enveloped in ice at the present time.

Q. Mr. Chase, did you ship any potatoes this fall?—A. This fall?

Q. Yes.?—A. Oh, yes.

Q. What were the rates then?—A. Now, let me see. Most of our potatoes that we ship in the fall were by schooner.

By Mr. Caldwell:

Q. Where did you ship them to?—A. Havana.

Q. In bags, not in barrels?—A. Barrels.

Q. You did not ship any in bags?—A. I would not say any. We would probably have 1,000 bags going on the next steamer but it is barrels from Nova Scotia, bags from New Brunswick.

Q. How would the freight compare between bags and barrels?—A. Practically the same. I don't know that the steamers make any difference, although really the bags will stow better than barrels.

Q. Although they contain more, a bag 180 pounds, and a barrel 160 pounds next?—A. Yes, but of course bags stow more closely than barrels.

Q. You think there should not be any material difference in the freight betweeen a 180 pound bag and 165 pound barrel?—A. No, the same handling the same stowage, but I don't think you could expect to get any difference.

By Mr. Robinson:

Q. Where are the apples loaded on the steamer at Hallifax? What do you call the place?—A. The ordinary terminals. Pier two, three and four.

Q. That is at what they call deep water?—A. Yes, deep water terminals.

Q. How far are those from the new terminals that they built?—A. Oh, as the crow flies, I think about half a mile. Of course the railway splits out before it gets down there.

Q. At Fairview?—A. Yes.

Q. At the pier there where we ship now from deep water, are there any accommodations or any means of taking care of apples, frost proof warehouses or anything of that kind?—A. Nothing of that kind.

Q. Has there been any loss on account of there not being?—A. Surely. I was a delegate up here to Ottawa, perhap 10 years ago, asking for frost proof warehouses.

Q. There is nothing of that kind there at all at the present time?—A. Nothing.

Q. How many piers do you use there?—A. Well, Mr. Robinson, I could not answer you that question. I would think there were three or four piers there.

Q. Are they sufficient now to accommodate the business?—A. The business is growing. I have known steamers this winter, when there would be a bunch of them get in there together—I have known that some steamers would be delayed in the stream until others were loaded and pulled out.

Q. Has there been any talk of changing the point of shipment?—A. They never would change it. What they do use is what is called the south terminals sometimes. For instance if a ship came in and has no berth at deep water they will load her down at the south terminals.

Q. Does it make any difference on your freight rates?—A. Yes, an extra charge of 1½ cent per 100 pounds.

Q. Switching charge?—A. Switching charge. I think it is 1½ cent. It amounts to about $5.00 or $6.00 a car.

Q. Do you know the freight rate on apples to Montreal from say Kentville?—A. Montreal from Kentville.

Q. Yes.—A. It is around $1.00 a barrel.

Q. As by rail?—A. Yes, or is it $1.20? No, I would not be prepared to answer that. It is either $1.00 or $1.20. I am not sure which. I think it is $1.20.

Q. We had some figures here the other day from an Ontario apple shipper and I just wanted to get something for comparison.—A. I would not be sure about that.

By Mr. Caldwell:

Q. Probably Mr. Chase could send that information later?—A. You could get it from the Railway Department very easily.

By Mr. Robinson:

Q. What do apple barrels cost in Nova Scotia now?—A. The price during the past season has been 50 cents. A year ago it was 75 cents. They have been coming down, adjusting themselves.

Q. One thing more, and that is, this is purely a local question, but I wanted to know: suppose a farmer built a warehouse and the railroad, the D.A.R. Company put in a siding, how do they arrange that, do they make him pay for building their siding or anything of that kind?—A. Now, that is a very vexed question, Mr. Robinson. If the farmer wanted to do that they would compel him to pay interest on the cost of construction of that siding, based, I think they say, on 6 or 7 per cent. Now is a very vexed point with the producers.

By Mr. Caldwell:

Q. Then does he not pay a rent for that siding yearly, besides?—A. Yes, that is if the land is located on what is known as railway land. The railway endeavours to collect a rental from him. I think this House will be called upon to make before many years a definition of that. The question whether a railway corporation, which acquires a right of way, not ownership, mind you, but a right of way, whether they can turn around and lease that land to the people who pay for the right of way.

Q. That is not the worst of it, to my mind. They get a right of way and a charter to build a railway; they get a bonus in most every case to help build the railway, to provide facilities to the established trades about the

country, whether it is the farmer or the dealer, it does not matter who it is, builds a warehouse at the siding, or where there is no siding or there is not sufficient siding accommodation to reach this warehouse, he must build it up beyond where it is built. The railway companies build a track so he can load and they make him pay the interest on the cost of that siding and they make him pay rental beyond that so long as he uses it.—A. Rent for the land on which he builds his warehouse.

Q. Anyway he pays a yearly rental for the use of that siding?—A. Some will call it rent, but it is based on the interest of the construction.

Q. That is what struck me the other day. He pays a yearly rent after that?—A. No, I don't think a yearly rent, as I understand it. I might say we ourselves have been fighting the proposition for three years. We have not paid rental for one or two places.

By the Chairman:

Q. Passive resistance?—A. Yes.

By Mr. Caldwell:

Q. If you are well acquainted with the situation, I wish you would explain that situation clearly because one of our big difficulties in New Brunswick is just that along the C.P.R. and other lines.—A. We won't grant that the railways can carry on their business without these warehouses. They are positively an aid to the railways, and the angle from which we have approached the railways has always been a matter of co-operation. We will put up these warehouses. We build them and maintain them for the benefit of ourselves and the railway.

Q. Just one question there. The railway company comes in and puts up a warehouse of any kind to handle this business, not only in our case,—the man builds it with his own money and he simply asks the railway to put a track into it and keep it in repair and they make him pay interest on the cost of constructing that?—A. They endeavour to but they have not yet succeeded in making some people pay, but if you went to them to-day—

By the Chairman:

Q. There are many people in New Brunswick, but not the people in Nova Scotia?—A. Not the old ones. The old ones who built their warehouses years ago and had them controlled under certain agreements, and that 21 years, rent is paid they won't renew them; they have refused to renew them unless they pay the rentals, and these men that came in 21 years ago refused to sign up the contract.

By Mr. Caldwell:

Q. The man who has built up in recent years, he has to pay the railway company rent?—A. They compel him to sign up an agreement before they will put the rails in. That is throttling the business to-day.

Q. In other words, it is becoming increasingly hard to get railway facilities in this country in regard to sidings?—A. It is a vexed question with us.

By the Chairman:

Q. Has that come before the Railway Board?—A. Yes.

Q. Has the Railway Board given a decision?—A. No. They have shelved it. They have passed it along.

By Mr. Robinson:

Q. That rate you spoke about on potatoes, was that what you had in the telegram? That telegram had a rate on potatoes?—A. The telegram did not have a rate but simply I made them an offer of 65 cents a barrel and they closed the steamer at that rate.

By Mr. Caldwell:

Q. 65 cents a barrel from Halifax to Havana?

Mr. ROBINSON: I thought that might interest you, Mr. Caldwell.—A. The 60 cent rate is the rate on bags from St. John.

By Mr. Caldwell:

Q. Would it be the rate on bags from Halifax?—A. That is another point. We are chartering what are known as United Fruit Company's steamers. It is worth considering, 5 cents a barrel more to have the United Company's steamers than the ordinary tramp steamer because they have their own wharf facilities in Havana and that accounts for considerable.

Q. They pay no dockage in Havana?—A. They pay no dockage in Havana. They have their own dockage and the people with whom we do business in Havana requested us if possible either to charter the United Fruit Companies steamers or the Munson Lines steamers.

Q. Do you pay any dockage rates in Halifax for loading in those steamers? A. No.

Q. You have to pay a dockage charge in St. John for loading?—A. To offset that, the steamers have to pay a wharfage rate in St. John, and a year ago last January—heretofore we have always had free unloading but now we are compelled to pay for unloading our cars and the two things may arrive at the same conclusion. We pay what is known as unloading charge.

Q. 3 cents per hundred?—A. We have a special charge on barrels, of 1 cent a barrel.

Q. I might say that until last November, I think it was, we paid 3 cents for unloading of the cars in St. John. The C.P.R. reduced their export rate on potatoes to St. John for the same purpose, to meet the temporary very bad conditions. I want to ask you another question. You ship potatoes. You are a shipper?—A. Yes.

Q. Not a grower?—A. No.

Q. You buy direct from the farmer?—A. Yes.

Q. What price did you pay your farmers these past years, beginning in November, by the month?—A. We include the barrel. Our buying price has always been different from the business in New Brunswick. There, as I understand it, the buyer simply buys the potatoes from the grower. We in our part buy from the farmer the potatoes put into the barrels.

Q. Barrels and potatoes?—A. Yes.

Q. And the barrel costs 50 cents you say this year?—A. Mostly, but you see, for potatoes, our farmers use what you call the old apple barrels largely.

Q. They don't have to buy new barrels for this purpose?—A. Not necessarily.

Q. They use barrels that would otherwise be thrown away?—A. They would be very apt to be.

Q. What price do you pay for the potatoes in the barrel?—A. We opened the season with $1.50 per barrel. Now we are paying $1.40. We have never varied from that price during the entire season.

Q. How long did they stay at $1.50?—A. Sometime in November.

Q. And they stayed very steady at $1.40?—A. Yes.

Q. What has the variation been in the selling price from Cuba?—A. Not very much.

Q. You get the reports of the selling price in Cuba, I presume?—A. The market varies up and down there. You cannot be guided very much by that. We sell largely to very large dealers.

Q. Have you ever found that they refused to accept a cargo, refused to allow you to ship to independent dealers in Cuba? That is to say that they will

not accept your shipment if you had shipped 500 sacks to an independent dealer in Cuba?—A. The understanding is that there shall be no other potatoes shipped to dealers in Cuba.

Q. I have the weekly report from Cuba and I find that there has been a very sharp variation since last November. The variation has been from $2.75 to $5.00 a bag in Cuba. Is that right?—A. That is a part of the combine's business.

Q. The point I am trying to establish is that there has been a very wide variation in price from week to week, and month to month?—A. Yes.

By the Chairman:

Q. In the Cuba market?—A. Yes.

By Mr. Caldwell:

Q. From $2.75 to $5.00, there will be that much spread?—A. Yes.

Q. The price has never varied in Nova Scotia. I might say the same thing of New Brunswick. Can you explain that?—A. The big Five in Havana control the market.

Q. I don't know what the situation is in Nova Scotia, but the big Four control the business in New Brunswick.—A. Yes. I don't know why.

Q. For that reason the price may go up from $2.75 in Cuba to $5.00. It does not go up to the farmer who produces the goods?—A. No. It is the Havana man that is controlling the market and squeezing it, and if we undertook to put it down he would drop the price to $2.00 a bag.

Q. Don't you think the man who is buying in New Brunswick, if he can afford to pay $1.40 and is getting $2.75 in Cuba, could he not afford to pay more if he was getting $5.00 in Cuba?—A. Your dealer in New Brunswick never gets $5.00 in Cuba.

Q. This report means the local man gets control of the market?—A. He buys every bag that is for sale there.

Q. We will get that in a simpler manner, possibly? What have the Nova Scotia shippers been getting for potatoes C.I.F. Havana this year, that is, cartage insurance and freight paid?—A. As far as we are concerned I can tell you what price we are getting but I cannot tell you what the others may be getting.

Q. What you are getting is all we can expect you to deal with.—A. I think our price is $2.25 C.I.F. Havana.

Q. What date would that be?—A. That would be last Autumn.

Q. Has that price varied since last Autumn?—A. Yes, not much. To-day we are getting—

Q. Just a minute.

By the Chairman:

Q. What are you getting now? He has not answered that yet.—A. Well, now, these shipments that I suppose you are asking about—

Q. What are they getting now?—A. I would like to explain—

By Mr. Caldwell:

Q. We want the facts. We don't want too much explanation.

By the Chairman:

Q. What are you getting now?—A. We are getting now, I think it is, $2.90.

By Mr. Caldwell:

Q. You think it is $2.90?—A. I think so.

By the Chairman:

Q. It is not less than $2.90?—A. No. Hold on. It is $2.85. It is $2.20 at Halifax. $2.85. That is what it is to-day.

By Mr. Caldwell:

Q. Do you sell your potatoes F.O.B. Halifax?—A. No. C.I.F. Havana. Now I am getting you back to where I want to explain something.

Q. I want another answer from you first. Would you say $2.25 was the minimum price received during the last season? That would be the last price you got?—A. The last price we sold at.

Q. Would you tell us what the highest price was?—A. The present sales represent the highest price we have received.

Q. How do you account for that spread between $2.75 landed on the dock in Havana and $5. The term "sold to the trade" means the price received by the combine in Cuba for the potatoes when you turn them over to the dealer in Cuba?—A. How is that.

Q. The term "sold to the trade"?—A. Not sold to the trade.

Q. I want to get the information but I don't want to put you to any disadvantage whatever. In these reports, we get the reports, potatoes sold to the trade in Cuba, $4.50 to $5, that means the price the combine sells to the dealer, the actual dealer himself.—A. Yes, that is right, that is to the buyers, to the various buyers. There are the wholesale and the retail buyers. That is the wholesale buyer selling to the retail buyer.

Q. The combine is simply a broker?—A. Yes.

Q. There is a spread from say $2.25 to possibly $4.50 or $5 between the price you receive from the broker in Cuba and the price he sells to the next man?—A. Sometimes.

Q. How do you account for his ability to do that?—A. They control the trade.

Q. Another thing I have been told and I have talked personally to some of the independent dealers in Cuba, who want very badly to buy from shippers in New Brunswick or Nova Scotia, because they like our potatoes, they are of good quality. They have been unable to get space because the combine in Cuba will refuse to receive shipments of a shipper of these potatoes, in which there are any independent potatoes, due to the fact that we have no shipping service from New Brunswick or Nova Scotia, in which dealers can put one, 1,000 sacks, another 2,000 sacks and another 5,000. You are compelled to charter a vessel in order to ship to Cuba?—A. Yes.

Q. Due to that fact the combine in Cuba is able to dictate to you, who you can sell to in Cuba. Do you not think if we had a regular steamship service Halifax and St. John to Cuba that you would be able to sell to independent dealers in Cuba, and be able to break the grip they have on you in Cuba, and due to the fact that the shippers in Nova Scotia and New Brunswick cannot sell to anyone but the combine in Cuba, it absolutely cuts out competition between the men you may sell to?—A. That is a big problem. I don't believe this year you can do it.

Q. Why do you say this year?—A. Because the production of potatoes this year has been so enormous all over the world that this temporary price that we name of $5 is only a flash in the pan.

Q. It is done there a great many times?—A. I know but it has happened simply by the Big Four being able to get control of everything there is there. Now they are big men. I know them, the men down there.

Q. I know them too.—A. To-day Europe is pouring potatoes in there.

Q. Just recently, in the last month or 6 weeks?—A. Yes, just recently.

Q. We might admit all that, this is a special condition, but we have a future to face in this business, unless we can get more out of our potatoes—

I am speaking of the grower, unless he can get more price for the potatoes he cannot continue in the business?—A. Surely not.

Q. And in 3 years, has he on an average, for the last 3 years, got 50 per cent of the cost of producing that crop. You will say no, would you not?—A. I would not put it that low. Of course our people have fared better than you.

Q. You have, due to the fact that the United Fruit Company shipped a lot of potatoes.—A. Yes. There are other conditions.

Q. Would you name them? Due to the fact that they ship co-operatively, they are able to get a better price than they could in shipping through a dealer? —A. No, I don't think they get a bit better.

Q. They did not get any better price than the dealer was given. They could get his price but if the United Shipping Company had not been shipping co-operatively, do you think a Nova Scotia dealer would get any better price than a New Brunswick dealer?—A. No.

By the Chairman:

Q. What is the reason why Nova Scotia is working under better conditions than the New Brunswicker?—A. We have from Halifax regular sailings to what is called the south ports. Now while we sold to Havana on a basis of $2.20 Halifax, at the same time we sold a 1,000 barrels to go to the south side on the basis of $2.50 Halifax, at the same time, but mind you, the south side business is limited.

Q. When you say the south side, is that the West Indies Islands?—A. No, Cuba. They go to Santiago, Manginilla, Havana. Different conditions obtain. It is a point, when you come here, on account of the high rates Havana cannot touch them. They put the steamers right into those ports, and in that way I said Halifax has an advantage over St. John.

Q. What do you complete the loading of your vessel with when you want to put 2,000 or 3,000 sacks of potatoes on.—A. Fish, which goes to Jamaica.

Q. You say you sell on the basis of $2.20 Halifax. What are the items of expense, the railroad freights?—A. Railroad freights, about 40 cents a barrel.

Q. Where do you buy? At the point where they are grown?—A. Yes.

Q. Do you have a freight of 40 cents a barrel from any point in Nova Scotia to Halifax?—A. Yes.

Q. Do you think that is the trouble?—A. Yes, certainly.

Q. What should it be?—A. Half of that.

Q. We want to be very serious about that. Do you think half of that would pay the railroad company for carrying it? We might say what we would like to have but do you think it would pay the railroad company?—A. Not to-day, the rates they are paying.

Q. Can you give us what the rate was, say in 1913?—A. Before the war?

Q. Yes.—A. I would say they are about double what they were before the war.

Q. You do not know accurately?—A. I do not know. I could not carry all those things in my head.

Q. No one would expect you to?—A. I know that formerly on the east the shipper produced at a range of from 12 to 18 a barrel from Halifax.

Q. Where you are paying how much now?—A. Thirty-five to forty.

By Mr. Sales:

Q. What is the distance?—A. It varies; the shorter distances would be about sixty miles. Our railroad rates are compared by miles, although they have different branches.

By Mr. Caldwell:

Q. Do you get a blanket freight covering a certain amount of territory? —A. No, it goes every seven or eight miles.

By Mr. Sales:

Q. Is that in carload lots?—A. Sure.

Q. Your quotations from Cuba, how do you receive those; do the dealers furnish you regularly with the prices, what they will pay?—A. No, sir.

By Mr. Caldwell:

Q. You quote so much delivered in Cuba?—A. C.I.F. Havana.

By Mr. Sales:

Q. You offer to them?—A. We offer to them.

By Mr. Caldwell:

Q. I would like to ask another question right here. Have you found the United States shippers getting higher prices than you have been getting C.I.F. Havana?—A. Theirs is less the duty.

Q. But C.I.F. does not mean duty paid, the duty is paid afterwards? —A. The other man pays the duty.

Q. You must sell in competition with the American after the duty is paid? —A. What buyer could afford to pay more for the American article?

Q. A good many potatoes are sold at the time duty paid in Havana; they are quoted that way?—A. Yes.

Q. I do not know about Nova Scotia, but is it not a fact that Nova Scotia has quoted fifty cents under the main shippers C.I.F. duty paid? —A. They must quote under.

Q. Why?—A. That is what we quote, C.I.F.

Q. But duty paid?—A. We never quote duty paid in our lives. I cannot answer that question.

Q. How much would they have to quote duty paid?—A. Twenty cents.

Q. Is it not 12½ for a 180-pound bag at the present time?—A. I think so.

Q. Have you any suggestion as to the proposed Cuban tariff of 48 cents a bag?—A. I know there is a delegation about it.

Q. What is that?—A. There has been considerable trouble and disturbance about that, and we would like to know if there is anything being done.

Q. Did the Nova Scotia people take any action in the matter?—A. They had a man come up here, but unfortunately he did not get here.

Q. That is, until after the delegation was here?—A. No.

By the Chairman:

Q. To come back to apples for a moment. You have an association of apple growers?—A. Yes.

Q Apple shippers?—A. We have the growers and shippers, both.

Q. You are connected with the Shippers' Association?—A. Yes.

Q. Can any shipper join that association?—A. Yes.

Q. Have you a certain fee or a certain pro rata distribution of expenses? —A. An annual charge, which is very nominal.

Q. Anyone can join?—A. Yes, sir.

Q. Are there any shippers outside of your association?—A. A few, but the number is very limited. The United Fruit Growers, who handle about ten per cent of the entire crop to Havana are members of the Shippers' Association.

Q. And the others, the individuals?—A. They are people like myself, who are growers, and so on.

Q. Can a private farmer, an individual, obtain space on any steamer carrying apples from Halifax without applying to you?—A. Yes; all he has to do is to apply to the agent of the boat, of the Furness-Withy line, simply make an application to Furness-Withy.

By Mr. Caldwell:

Q. Do they make a contract for 50,000 or 100,000 barrels?—A. Yes.

Q. Do they for potatoes?—A. No.

Q. We are in an absolutely different situation in regard to potatoes? —A. Yes.

By the Chairman:

Q When you charter a boat at so much per barrel, does the association pay so much per day for the boat, or do you just contract to take all the space, paying so much per barrel to the transportation company?—A We charter a boat at so much per barrel, with so many days to load a boat, and so much per day if you exceed that time; if you are less than that time, you get a gratuity. It is all worked out on a certain basis.

By Mr. Caldwell:

Q. This is in regard to apples?—A. Apples exclusively.

By the Chairman:

Q. I am talking about apples exclusively. Do you have to guarantee them that there will be a minimum number?—A. Surely.

By Mr. Caldwell:

Q. You have to guarantee to pay for the capacity of the boat?—A. Not always. We chartered a boat last winter, her capacity was 18,000, and we guaranteed to put out 14,000.

Q. You will have to guarantee to put enough aboard at a certain rate, to make it worth while?—A. Yes. If she is a small boat we guarantee to fill her, but if she is a large boat and is going across and wants a charter she offers to take less than her capacity sometimes.

Q. Do the Furness-Withy people sell their entire space to your Association? —A. No, sir, they do not; they treat with the individual shippers.

By Mr. Elliott:

Q. I would like to ask a question with regard to apples. Do you ship any apples to Montreal?—A. Yes, sir.

Q. What will be the cost of apples landed in Montreal, per barrel?—A. That is, the freight rate?

Q. I want to know, if you can tell us, the cost of the apples in Montreal?

The CHAIRMAN: Take a barrel of No. 1's.

By Mr. Sales:

Q. Begin with what the grower gets, then add the freight and so on, and trace it right out.—A. I am speaking of our own business now. We use Montreal simply as a dumping ground for No. 3's.

Q. What does the grower get for No. 3's?—A. I have been paying the grower $1.50 and selling them in Montreal on the basis of 75 cents; you can figure that out very quickly.

Q. Now take No. 2's.—A. We do not send any.

Q. What do you pay the grower for No. 2's?—A. We have been paying this year $3.00, and we have been shipping them across and getting about $1.50.

Q. And No. 1's?—A. The same prices for No. 1's. We buy No. 2's and No. 1's at the same price.

Q. $3.00 per barrel?—A. Yes; that is what we have been paying.

Q. The grower grows them and picks them?—A. Yes.

Q. And packs them?—A. Yes.

Q. And you pay him $3.00 per barrel?—A. Yes. We have been doing a losing business there is no doubt about that.

By Mr. Elliott:

Q. Take No. 2's, for instance; the grower gets $3.00 a barrel you say?—A. Yes. I am a dealer; I have been buying these apples from the grower. When you talk about 40 per cent of the whole of the growers doing this business on their own account, they are not getting $2.00 a barrel, they are getting just what the market will give them.

By Mr. Sales:

Q. They are getting less than you are paying them?—A. Yes.

Q. Because they are giving their attention to exporting to the Old Country? —A. Yes that is the idea.

By Mr. Elliott:

Q. Take these apples; you say the grower gets $3.00 a barrel; what would they cost the retailer in Montreal, landed in Montreal, freight and all other charges paid?—A. What the Montreal dealer can get for them.

Q. Can you give us any definite figures for that?—A. No, I cannot, because we do not use Montreal as our market.

Q. You can give us no idea of what those apples would cost the consumer in Montreal?—A. We only use Montreal when we cannot get across, when the market gets so bad across there that we cannot ship.

By Mr. Sales:

Q. You send them in the barrel to Montreal to the Montreal dealer, at 75 cents a barrel?—A. That is what we have done several times.

Q. What is the freight to Montreal?—A. I am not sure whether it is $1 or $1.20.

Q. From Nova Scotia to Montreal?—A. From Nova Scotia to Montreal.

By the Chairman:

Q. When you say you get 75 cents, what does that mean?—A. That is f.o.b. our loading station. I have sold several cargoes at that price.

By Mr. Sales:

Q. What do you get for your No. 2's and No. 1's in Great Britain?—A. We take the market.

Q. Do you sell them in England?—A. No, sir, we send them; it is purely a consignment business.

Q. You pay the ocean freight?—A. Our consignees do that.

Q. What do you get for them?—A. It has been varying, from $1.00 to $3.00 during the season.

Q. When you got $3.00, the highest price, you were out the freight?—A. We get as high as cost, and from that down to a loss of $1.25 to $1.00 a barrel.

By Hon. Mr. Tolmie:

Q. What would it cost to produce those apples per barrel?—A. The producers say they can grow them for from $1.00 to $1.20 for the bare fruit, without the barrel.

Q. What is the cost of packing?—A. That varies from year to year.

Q. Do you get that done by contract, or by day labour?—A. We get that done by day labour.

Q. What does that run to?—A. That runs up to about 20 cents a barrel, to pick the fruit.

By Mr. Sales:

Q. What is the cost of the barrel?—A. Fifty cents.

By Hon. Mr. Tolmie:

Q. What wages do you pay in the orchards for apple picking?—A. I think during the past season it was $2.00.

Q. For ten hours a day?—A. I don't know. I am not in that part of it. I presume it varies.

By the Chairman:

Q. You have about a thousand trees of your own?—A. Not that many.

Q. About 400?—A. Yes, about 400.

Q. Have you a man to help you?—A. I have a man to help me all the time; he does not pick apples all the time, though.

By Mr. Sales:

Q. You pay a man $3.00; is that at his own orchard, or delivered?—A. Delivered at the warehouse. We have warehouses scattered all over the Valley.

Q. He can draw from his own farm to the warehouse, and the price is $3.00 delivered at the warehouse?—A. That is the price delivered at the warehouse. We have to pay the freight to the port of Halifax, and then from Halifax to the port of destination in the Old Country.

By the Chairman:

Q. Have you as one of your competitors a co-operative association?—A. No, sir, we all work together.

The CHAIRMAN: Shall we take up the question of live stock now? We have Mr. Light here this morning, we have Mr. Hawken, and we will have Mr. L. H. Pinsonnault of Montreal who is coming up to tell us exactly what the difference would be in the cost, if the regulation is passed with the British Government.

Mr. SALES: Which would be the best order?

The CHAIRMAN: The best order would be to hear from Mr. Pinsonnault first, but as he is not here we will hear from Mr. Light, who can give us some information on freight rates. I have here a communication which I would like to place before you gentlemen. It is a night lettergram which was received by Honourable Mr. Motherwell, and Mr. Spencer of Alberta, received a similar one, from Mr. George Hoadley, of Edmonton.

Mr. SALES: Mr. Hoadley is the Minister of Agriculture in Alberta.

The CHAIRMAN: This night lettergram reads as follows:—

"EDMONTON, Alta, March 25th, 1923.

"Hon. W. R. MOTHERWELL,
Ottawa, Ont.

The Provincial Government associated with other steer feeders of Province, purposed shipping train load fat selected steers under co-operative conditions to Great Britain first week in April. Now find all space controlled and not available until first week in May. If removal of embargo to give any concrete results to cattle raisers of West as well as other parts of Canada, control of shipping space with consequent toll collected under this system beyond ordinary charges must be eliminated and space made available to shippers. Would suggest if no other way to meet situation in regard to eliminating expense and providing space necessary

that Canadian Marine be fitted specially for stock shipping and space made available to the public on application without any intermediary. If delay such as indicated cannot be overcome may be compelled to abandon this test train load as it means for everyone a month longer feeding at high cost with very small additional return.

GEORGE HOADLEY."

Mr. Motherwell wired in reply as follows:—

"March 26, 1923.

"Hon. GEORGE HOADLEY,
Minister of Agriculture,
Edmonton, Alta.

Question of ocean space for feeders now before Special Agricultural Committee stop will bring your wire to attention of Mr. McMaster Chairman of Committee to-day meantime will get in touch with Montreal brokers who claimed in their evidence that nearly all spaces applied for had been filled stop Mercantile Marine owing to defective construction for such purposes cannot be converted into cattle boats so experts claim.

MOTHERWELL."

I thought Mr. Thomas Robb, the Secretary of the Shipping Federation would be here to-day, but he has not come. I spoke to him over the telephone last night, and he told he that he would speak to the various lines this morning, that he would get into touch with the ocean services, such as the Donaldson Line, the Reford Line and other lines, to see whether there was any space available.

Mr. SALES: What shipping federation is that, Mr. McMaster?

Mr. MCMASTER: It is a federation of the shipping lines in Montreal; I do not know whether it goes farther than Montreal or not. They deal among other things with labour conditions. Mr. Robb has been their Secretary for the last fifteen or twenty years. He gave me the following information, which I might lay before the Committee, that the Donaldson Line are having a new boat built in the neighborhood of 8,000 tons specially for the transportation of the trade in transporting live animals to the Old Country, that this ship will have permanent fittings to be used almost exclusively for that trade.

Mr. SALES: She will not be available for some time.

The CHAIRMAN: No, the ship will not be available for some time. I will bring Mr. Robb's message before the Committee, possibly at our afternoon session, if we have one, and if not to-morrow morning. I don't know whether there is anything we can do with regard to this matter at present.

Mr. SALES: Better let it go over for a while, Mr. Chairman.

The CHAIRMAN: All right, we will call Mr. Light now.

P. E. LIGHT, called, sworn and examined:

By the Chairman:

Q. Mr. Light, you are in the service of the Department of Agriculture?—A. Yes, sir.

Q. Have you been with them some years?—A. Six years.

Q. What are your special duties there?—A. I am in charge of the market reporting work.

Q. You are in charge of reporting of the markets?—A. Yes.

Q. Just what do you do?—A. We analyze the market situation at each of the stock yards in Canada, and issue weekly and periodical reports on the

actual condition of trading. We go into it rather fully; we give a statement of the average price paid for live stock, the actual grading of stock, the disposition of the stock, and comparisons with other years.

Q. You endeavour to keep the farmer advised as to where the best place to sell his produce is located, so far as live stock is concerned?—A. We leave him to infer that; we do not say that direct.

Q. You do not tell him where to go, you give him the facts, and as a skilful merchant he must bring or send his goods to market where he considers best?—A. Yes, sir.

Q. You have been looking into the question of the shipping of live cattle to the Old Country, have you not?—A. I have had a little to do with it.

Q. Would you kindly tell the Committee what you have that you believe will be of interest to us in that connection; you might make a statement, and we can then question you upon certain aspects of your statement?—A. I was overseas in 1920. Although I was not in charge, I went over on a cattle boat with a consignment of cattle to Liverpool, to endeavour to obtain for the Department some information as to the overhead costs of delivering those cattle in Great Britain. The conclusion reached was that the overhead was rather excessive, that the selling charges in Great Britain were rather high and the ocean freight rate was too high for the intrinsic value of the commodity that was being carried, and that if the trade were to be carried on permanently it would have to be carried on with a lower margin of risk, that it would have to have some lowering of the intermediate costs, especially on cattle coming from Western Canada, where they are by their very nature a cheaper class of cattle than those shipped from the Province of Ontario.

Mr. SALES: I will not agree with that.

WITNESS: I am speaking of existing conditions, of the Western markets.

By the Chairman:

Q. You are here to give us your honest and sincere opinion upon everything; it is not your obligation to be popular, but just to tell what you know.—A. I am not trying to be popular, sir. The fact is that the cattle markets in the West run a few points below those in the East.

By Mr. Sales:

Q. That is a different statement?—A. The facts are the same.

By the Hon. Mr. Tolmie:

Q. Is that not due to the distance from the consuming market; it is really a question of freight?—A. That has a lot to do with it. You will find a greater percentage of Eastern cattle on the markets fit than you will find on the Western markets.

Q. More finished cattle?—A. Yes, sir.

Q. That is due to feeding?—A. Yes. I can give you the actual figures to show that, and the total of last year's trading.

Mr. SALES: We do not need to bother with that.

By the Hon. Mr. Tolmie:

Q. You went over with a shipment of cattle, and your instructions were to look after the loading of those cattle, to observe them carefully while crossing the ocean, to learn anything you could as to the convenience of the loading of the cattle, and so forth?—A. Yes, sir.

Q. Then to watch them unload?—A. Yes, sir.

Q. And in addition to that visit the yards?—A. Yes.

Q. And bring back all the information you could get?—A. Yes.

Q. I remember the time. The information was very valuable. What is your opinion of the present fittings on those boats; are they good, or in what way would you suggest improving them?—A. I went over in June, probably about the best time of year, that is, when the climatic conditions as well as general conditions would be at their maximum, for the safety and convenience of the cattle. The boat I was on—I do not know whether it represented the average but I do not think it did—was fitted up or had been fitted up for transporting horses to France during the war. There was an extra deck superimposed on the main deck, built on the main deck, and one thing that struck me about it was the condition the animals got into through the stalls not being kept clean, that is, the manure cleaned out every day or every other day. The cattle were quite dirty two days before they were landed, and the only way to clean them was to throw a lot of straw that was left over into the pens and let them dry themselves off that way. There seemed to be a lack of conveniences for cleaning out, and the class of men carried as feeders were in the main totally ignorant of how to handle live stock; they knew nothing about it whatever.

Q. How about the size of the stalls, and the timber used?—A. Plenty big enough.

Hon. Mr. TOLMIE: That is interesting, in connection with the claim made by the British shippers.

By the Chairman:

Q. Will you describe to the committee the way the stalls are made, the material, and the size of the material of which they are formed?—A. I do not know whether I can do that now, as it is quite a while ago. I would say that there were no accidents through faulty stalls or weaknesses in construction. I think they were perfectly satisfactory. I think the stalls in the boat I was on were put in for the carrying of horses.

By Mr. Tolmie:

Q. What was the space available for the animals that occupied it?—A. I have not got that here. There were a lot of bulls in the consignment, heavy bulls; they occupied the stalls, and their dimensions would be much larger than those of the ordinary animal going overseas as steers; many of them weighed over a ton.

Q. Were they three feet wide?—A. I think they were wider.

Q. How many did you have on the boat altogether?—A. 457.

Q. What kind of a trip did you have?—A. A good trip.

Q. What mortality was there?—A. We lost two.

Q. Due to what?—A. Both had the same disease, or the same trouble; it was an abcess which broke out on the back.

Q. Due to what?—A. There was no veterinary officer on board, so we did not know.

Q. Was there something that irritated the back?—A. I thought it was infection.

Q. Do you think that irritation would be caused by the movements of the ship?—A. No. It was on the back. I think it was started before they were ever on the boat. We shot them and put them overboard.

Q. In connection with the unloading at the other end, was that done well and without injury to the cattle?—A. It was done without injury to the cattle, but it was not very good. They followed the plan of going along one side of the boat and releasing a certain number at a time; there was a regular stream of them going down the gangway, and they landed at the Birkenhead Wharf. The

dock was held up with miscellaneous freight, hay and other stuff, and some of the cattle jumped over the side of the gangway, but none were hurt. A lot of them were Westerners, and I think they were used to jumping.

By Mr. Hammel:

Q. What was that you said?—A. I said the cattle when going down the gangway were a little wild; they were used to more freedom. They did not hurt themselves. They must have been Western cattle.

Q. After your trip over there and your personal observation from one end to the other, have you any suggestions to make that would assist us in making recommendations that would place cattle on the British market in better condition, that is, with regard to facilities for shipping, and so forth?—A. Well, as far as I could see from personal observation, the cattle were very well looked after, except in these connections, one is that I would like to see the stalls fixed up so that we could keep the cattle clean. We had only one day when the sea was fairly rough; the water got in around the cattle, and there seemed to be no way of getting it out. I don't know what they are called, I think it is the scuppers; there was a space open, but it seemed to be rusted tight.

Q. Were the stalls not cleaned at all?—A. No.

By Mr. Sales:

Q. Is that a general practice?—A. I don't think so. I think that is a matter between the foreman and his crew and the helpers, but we had a lot of fellows on there—we had some Irishmen going back to Ireland and there were five or six Cockneys going back; a lot, I think all of them lived in Montreal. I do not think they had ever seen cattle before, and they would not go in between them at all, and I had to go out at night time to help them myself. We could not get those men to do anything.

By the Chairman:

Q. The trouble was not in the system of transportation but in the character of men who failed to do their duty in removing the manure?—A. Yes. By the time those cattle landed they were pretty clean. They made quite an impression. They took a lot of straw and piled it in the stalls and the cattle pretty well cleaned themselves, and they landed in pretty good shape, and sold well, and made quite a good impression.

By Mr. Hammell:

Q. I was just going to ask you—you have told us that these men were altogether incompetent to look after the cattle on the ship. Who hired them? Is it the steamship companies?—A. No, they are supplied by an agency in Montreal, who undertakes to find these men for the voyage.

Q. It is not the steamship companies who furnish the help?—A. No.

Q. Are they paid by this charge of $20.00 by $25.00 for space?—A. It is in there some place. I do not know just exactly. Maybe the ocean feed takes it in but they are not paid very much, but they get the trip.

Q. That is a very likely reason why they are not competent?—A. Yes.

By Hon. Mr. Tolmie:

Q. You speak of cattle being taken off and slaughtered at the other end, that the selling price was rather a little high. Would you give us an explanation of what you mean by that.—A. The cost, I said, Dr. Tolmie. I have a statement here. It is quite a complicated proposition. The cattle are sometimes sold on foot and sometimes sold in dressed weight and in London there are all kinds of prices to be paid on them. It amounts to quite a lot ultimately.

Q. This cattle you had to deal with were cattle for slaughter.—A. They were all slaughtered cattle. I have a statement here. I do not want to read it. It is rather long but I would leave it with you. It gives you a good idea of the cost of shipping to London.

By Mr. Sales:

Q. That is from Birkenhead to London?—A. This includes the selling of about 380 cattle landed in Liverpool on the 20th June, and the statement of the condition the stock arrived in. I think you ought to have that.

The CHAIRMAN: I order them incorporated in the Minutes. Document handed in by the witness was marked Exhibit No. 13 with evidence of Mr. Light, and reads as follows:—

EXHIBIT NO. 13

ACCOUNT SALES OF 380 CATTLE LANDED 20TH JUNE, '21.

EX S.S. "MANCHESTER CORPORATION" AT BIRKENHEAD.

Stock arrived in good condition.

—	Weight		£ s. d.	—	£ s. d.
July 1				Porterage	1 17 10
London Sales	123,392	for	6,152 6 10	Draft	
Birkenhead Sales	97,319	"	5,531 7 8	Freight	
288 bodies	220,711		11,683 14 6	B/L Charges	
92 Cattle sold alive in sink	69,110	1/1¾	3,959 8 6	Customs, Dues	
				Tolls Smithfield	17 16 3
	289,821		15,643 3 –	Lairage	4 – –
288 Hides	21,871	for	600 13 7	Policy Stamps	
288 Offals		27/6	396 – –	Feed	15 15 –
288 Tripes		10/6	151 4 –	Straw	6 8 –
288 Rops		1/6	21 12 –	Drowing	47 10 –
Fat	11,036	2d.	91 19 4	Cash to Men	
380 Cattle	realize		16,904 11 11		
				Slaughtering	91 16 –
				Carting, London	10 16 –
				Refrigerator	28 16 6
				Market charges, Cables and Telegrams	50 8 –
				Sheeting, London	8 18 –
				Carrying	26 14 –
				Rail, London	157 10 –
				Cutting, London	159 – –
				Gifts	
				Commission	301 17 11
			16,904 11 11	Balance	15,975 8 5
					16,904 11 11

NOTE.—This shipment was fat cattle.

By Mr. Elliott:

Q. Do you visit the stock markets in Canada?—A. Frequently.

Q. What is the object of your visits to these markets?—A. In the work I do—there are two of us at it—Mr. Johnson is the supervisor of stock yards and he is to-day. We put into force regulations regarding live stock and the live stock products Act. Any time I go it is for my own information to keep in touch with the conditions.

By Mr. Sales:

Q. Where is he located?—A. Winnipeg.

Q. Live stock markets and live stock products.—A. No. The stock yards are operated under the Live Stock and Live Stock Products Act.

By Mr. Elliott:

Q. In the course of your work, visiting these yards, do you make any suggestions to the department as to any improvement in the conditions?—A. No. I have not anything to do with that at all. That comes under Mr. Johnson's jurisdiction.

Q. Just in what way? I do not understand just in what capacity you visit those yards? That is just what I want to get at.—A. My work is to analyze. I make records of the movement of live stock. For instance we have a system whereby we know the day for the last five years where every head of live stock, marketed in public, originated, that is the shipping point and the quality of it.

Q. Do you keep track of the export trade, the number of animals that are exported?—A. Yes, and we keep in touch with the British market through correspondence and cables and keep ourselves well informed so that when we are making an analysis of our home conditions we will be able to make points.

Q. Do you give advice to shippers as to when would be a good time to ship? Notice or anything of that sort?—A. No, sir, it is a dangerous thing to do.

By Mr. Caldwell:

Q. Who uses this information?—A. We send it to agricultural points, district representatives of agriculture, the various departments of the provincial governments, and we have quite a number of farmers on our list.

By Mr. Elliott:

Q. That you send this information to?—A. Practically all the farm districts in Canada make use of our reports in preference to anything else, because they feel it comes from a disinterested source and can be relied upon.

By Hon. Mr. Tolmie:

Q. Your quotations now are recognized all through the Chicago market and everywhere as being of a reliable nature?—A. The United States Intelligence Department and the banks use them.

By the Chairman:

Q. In the United States do they broadcast the market by raidio?—A. Yes.

Q. Would it be an expensive thing for us to do.—A. We have had it under consideration and we intend to do it sometime. I do not think it would be very expensive for us because we could use the existing distributing agencies now. As a matter of fact we are sending in Montreal—we made arrangements to send out radio from the—I could not tell you the name, but it has been arranged any way. We are sending messages out and we are also sending them from Winnipeg and Prince Albert around the country.

By Mr. Hammell:

Q. Do you think it would be a great improvement to do that rather than sending out Saturday evening radio concerts to the neighbouring villages here?

The CHAIRMAN: I did not know we had free distribution of music.

By Hon. Mr. Tolmie:

Q. You said you were familiar with the export cattle trade and the origin of the cattle. What percentage of American cattle are going out through Canadian ports?—A. I am trying to find out now, Dr. Tolmie, but I could not tell you, but I know there is a greater percentage of live Canadian cattle going over during the latter part of the year than there was American cattle, as compared with what went over in the first part of the year.

Q. Are those American cattle sent by American firms or are they bought by Canadian firms to make up shipments?—A. I know last year or the year before it was necessary, on account of the shortage of the Canadian cattle, to keep up the supply of American cattle.

Q. Are they sent by Canadian or American firms?—A. I think Schomberg is operating Toronto in both Canadian and American cattle.

By Mr. Elliott:

Q. Have you any idea of the number of animals that will be exported, that are in Canada now, getting ready for export trade. Have you any figures on that?—A. It is rather a difficult question to answer. We have had a lot of correspondence on that. You would feel foolish in trying to answer it, but I can give you some light on that.

Q. Is it larger this year than it has been for a number of years?—A. Cattle for export?

Q. Yes.—A. I would say larger. There is a tremendous movement of cattle from Western Canada into the East. There was last year.

Q. Do you know what volume it was? Can you give us the number of cattle that came from the Western markets?—A. Yes I can give you that. I will read you these figures. In 1922 there were 93,000 odd head of cattle billed through Winnipeg to the East as against 31,500 odd the previous year.

By Mr. Elliott:

Q. Those are stockers, are they?—A. Those are butcher cattle, feeders; various classes.

Q. Have you any idea of the percentage of these that go in feeding lots to Ontario and Quebec?—A. That is a rather hard question to answer. I would not like to express an opinion on that but it would be quite a heavy percentage of them.

By Mr. Sales:

Q. Do most of those cattle go forward for export?—A. I would think a very large percentage of them would be available. There are three outlets for those cattle. There is the American market, our own trade and the British market. There is triangular competition for them, so that what you send overseas will depend almost entirely on the level of prices in Great Britain.

Q. Don't you think it would be helpful if we had a stopover in connection with the cattle for feeding, for export?—A. You mean the through bill rate.

Q. Yes.—A. I think the farmers in the West would consider that quite a help.

Q. That is, a similar rate to what applies to wheat for milling in transit. The millers have an advantage of one per cent per 100 pounds stopover.—A. My opinion is that the value of this trade will come really through the transportation of this cattle from the West to the East, staying over in the East long enough to enhance their value.

Q. Do you think that could be practically worked out by a man buying his cattle, making an affidavit they are for export and the railway picking them up again on that?—A. Yes.

Q. So that those supplying for the local market would not expect this export rate?—A. It would be open to a lot of abuse but if properly handled it might be worked out. There is a big chance for abuse. You could brand the cattle and mark them indelibly in some way so that this cattle could be sold and others would take their place and the fellow would bring down 5 cent cattle and transfer the 2 cent cattle.

By Mr. Elliotts

Q. Just in that connection, do I understand you to say it may be a profitable business for a farmer in Ontario to take those cattle, stating the ultimate destination are the Old Country markets and take them out on their farms and keep them for a month or six weeks during the trip?—A. I was not figuring the steamship period of time like that. I was figuring a lot of thin cattle in the West, under the ideal conditions of the British market, should never be exported, a tremendous lot of them, but if they had a period of 4 or 5 months on good feed—

By Mr. Hammell:

Q. If they had one winter?—A. Yes, one winter in Ontario and good feed, their value would raise to an extent that they should be profitable.

By Mr. Elliott:

Q. It was not your idea to do that with cattle that are already fit for export?—A. No, I think that would be a mistake.

By the Chairman:

Q. Dr. Tolmie has left a question which he suggested I should ask you Would you tell the Committee how the American cattle compared with the Canadian cattle, both as to quality and finish in regard to this exporting.—A. The one noticeable feature about the American shipments, and I saw quite a few, was their uniformity, that is one animal was very much like another. There is uniformity in the colour, the size, weight and everything but when it came down to the matter of the inherent quality of the animal's meat, ours was preferred. They claimed the American were a bit oily, and when the hot weather came on in the summer they were sweaty and rancid.

By Mr. Hammell:

Q. Due to the corn?—A. Yes. There are a tremendous lot of bulls shipped over from the United States, and there were the year I was there, those small bulls and they made quite a favourable impression over there because of the uniformity in the shipments. There would be 50 or 60 of them and you could not tell one from the other; and that is a great thing with the British feeder and the British butcher. He likes to feel that when he buys a thing he can see it. He does not want cattle weighing 1,000 pounds and other weighing 1,400 pounds and others another weight. He is accustomed to buy by the head.

By the Chairman:

Q. There is a certain conservatism about the British people?—A. They have habits. It is a good thing to cater to.

By Mr. Elliott:

Q. You spoke of a large number of bulls being in that shipment. Do you know anything about the price received for those bulls on the old country market in comparison with the prices received for cattle?—A. The bulls sold around a shilling and the cattle at one and twopence.

By the Chairman:

Q. When you say cattle you refer to steers?—A. Steers and cows.

Q. That is about four cents difference?—A. That is in the sink. Dressed weight plus the offal. The weight of the offal was selling at 1¼; say it was dressed, at 60 per cent; that would be 600 pounds. They would add another cent and a half for offal.

Q. What is the historic meaning of the term "in sink"? How do they happen to apply that term "in sink"?—A. I do not know.

By Mr. Sales:

Q. Let me put it this way. Suppose I am buying from a dealer, I make my bargain for the naked beef, that is dressed beef without anything else, no offal, I simply get the carcase dressed; I make my price with the dealer plus the affal, that offal belongs to me, in sink.

The CHAIRMAN: The dealer sinks the offal.

Mr. SALES: No, he sinks or surrenders his right in it, if you like, and it belongs to me. You will see that there is a variation, as Mr. Light describes, in the price. There is one price when you have the right to the offal, and a lower price when you have no right to the offal. In the one case the butcher gets the beef only.

WITNESS: It works out in the same way.

By the Chairman:

Q. What is the value of the offal?—A. It varies just a little.

The CHAIRMAN: Does the offal include the hide?

Mr. SALES: The hide, the fat, the entrails, the liver, the tongue, the heart, the tail, and so forth.

The CHAIRMAN: You get all of it that you use.

By Mr. Elliott:

Q. Regarding that shipment again, do you know anything about the prices paid for those cattle in the Canadian market, those bulls?—A. The bulls were American bulls.

Q. The whole shipment was American cattle?—A. No, sir, it was made up of American and Canadian cattle.

Q. Where did you sail from?—A. Montreal.

Q. The American cattle were brought to Montreal?—A. Yes.

Q. Is that a common practice; does it represent any great volume of the trade at that port?—A. No, I do not think so.

By the Chairman:

Q. It would, Mr. Light, would it not, if the trade resumed any large proportions; would the St. Lawrence route not be cooler for the animals, would the northern route by Canada not be cooler for the animals than through any of the United State ports?—A. Yes; it might have some effect. I think there would be a lot of freight competition from the United States; there is no reason to think there would not be.

Mr. ELLIOTT: The rates are all fixed in New York, anyway.

By Mr. Gardiner:

Q. Does the United States export much beef?—A. No. The United States has a lot of pork, but not an enormous lot of beef, in fact I think their net trade shows a deficit, that is, it is really not self-supporting.

Mr. SALES: That is, as far as beef is concerned.

By Mr. Hammell:

Q. We were told that by the Harris Abattoir man the other day?—A. I have no figures on it.

By Mr. Elliott:

Q. Did your investigations cover the export trade in bacon?—A. Yes.

Q. You have just said that the export trade in bacon was a losing proposition?—A. No, I did not say that.

Q. Do you know anything about that; do you know anything about it, as to its being profitable?—A. Well, I have a statement here in the Annual Report with reference to the bacon trade in Great Britain.

Q. But generally speaking is it profitable?—A. I do not think so.

Q. As far as your investigations have gone, do you not think it is a profitable business?—A. I think it is.

By Mr. Sales:

Q. Profitable to whom?—A. I would think it was profitable.

By Mr. Elliott:

Q. You have no definite figures as to whether it is profitable or whether it is not?—A. No, I have no figures as to that.

By Mr. Sales:

Q. Will you tell us who the official is in charge of looking after the importation of pork from the United States, when imported from the States to our abattoirs, when inspected, the inspecting of it through the abattoirs and inspecting it out; who is the official?—A. Dr. Barnes, of the Health of Animals Branch.

Q. Where is he?—A. In the West Block.

Q. Does he have men at the different ports?—A. I don't know.

Q. But it is Dr. Barnes?—A. It is Dr. Barnes.

Q. You spoke, Mr. Light, of the costs of transportation; in your opinion the costs will have to come down; have you any statement of the costs? Will you tell us the cost of shipping an animal from Calgary to the Old Country, the charges, and what those charges consist of?—A. I figured out this morning that it would cost about 4⅓ cents per pound from Calgary to Birkenhead, that is, Liverpool, and about 4 cents from Winnipeg, and about 3½ cents from Toronto. Of course a lot depends upon the weight of the cattle and the way they are handled. A good man can make them a little dearer or a little cheaper.

Q. I beg your pardon?—A. It depends upon how the cattle are handled, and the weight of them. The freight from Calgary to Montreal is $1.14½ per hundred pounds. There would be about four feeds at 50 cents per feed, that is, $2.00.

Q. Will you give me that again?—A. From Calgary to Montreal the freight is $1.14½ per hundred pounds.

Q. That is right.—A. And 85 cents or 89 cents from Winnipeg.

Q. Do not mix them up. Take Calgary to Montreal first, $1.14½. Now give us your ocean rate?—A. The ocean rate is $20.

Q. What are the feed and overhead charges?—A. I have it at $6.50, from $5 to $6.50, according to the price of hay, the variation in the hay market and in the market for grain.

Q. You have to unload at several points?—A. Yes.

Q. For feed and water?—A. Yes. About fifty cents at a time, and there are about four feeds from Calgary to Montreal.

Q. Then there are ropes, pots and pails; who finds those?—A. Those are found by the person handling the shipment.

Q. Is that calculated in the ocean rate?—A. No, that is included in the $6.50. The broker looks after that for the shipper.

Q. Is that included in the 50 cents?—A. No, those are en route, by rail to Montreal. That has nothing to do with the ocean freight whatever. The ocean feed and equipment runs from $5.50 to $6.50 a head. That includes care and feed on board the vessels and so on, the percentage.

Q. That is, in addition to the $20?—A. Yes.

Q. These men who go over as attendants, do they get anything at all for their work?—A. Yes, they get a shilling for the trip, I suppose.

Q. To show that they are engaged?—A. Yes.

Q. They are collected by an employment agent?—A. Yes.

Q. What does the employment agent get for signing them up?—A. I don't know, whatever the fellows have got, I guess.

Q. I have it here at from $3 to $3.50; then there is wharfage at Montreal? —A. I make that about $2.50. On the shipment I went over with, they were there about a couple of days.

By the Chairman:

Q. $2.50 what?—A. $2.50 a head.

By Mr. Sales:

Q. There is a wharfage charge?—A. That includes yardage, troughage and marketing, etc. It is not likely that the shipments will coincide regularly. As a matter of fact it is recommended that the cattle should be rested 24 hours before they are loaded on the boat, and the boat being in darkness it would be foolish to load the cattle then, because it is hot and they will sweat off a large amount of meat.

Q. Then there is insurance?—A. Yes.

Q. Now will you give us the total cost of a bullock from Calgary to Great Britain?—A. This steer was supposed to weigh about 1,300 pounds, and it was somewhere in the neighbourhood of $50 or $55 from Calgary.

Q. From Calgary to Liverpool?—A. Yes; that includes the selling charges and everything.

Q. The selling charges on the other side; I have it that the cost is $7, for wharfage, dockage, selling and handling in the United Kingdom?—A. $7 a head.

Q. What about dockage; that has to be added to the $50?—A. Yes, that is right.

Q. So that we have $57.50 now, at your figures?—A. I have got mine. I have $6 for landing and average selling costs in the British markets, but those costs vary according to the number of days held before slaughter; that influence the cost of feed, and whether the stock is sold by the head or dressed. If they are London sales, the amount might be $7 or even more.

Q. We have $62 now?—A. I think there is something wrong about that. We have freight $20.50, services at Montreal, wharfage, etc., $2.50, ocean feed and equipment $6.50, that is if hay is up or down a little; ocean freight $20, and the total selling costs in Great Britain, including landing, $6.

By Mr. Elliott:

Q. What is your total?—A. $55.50 and $10.

By Mr. Sales:

Q. What brokerage charges have you which they get in Montreal for securing space?—A. I understand they charge 50 cents a head. They charge 50 cents a head for the space.

Q. Is that all?—A. I am not familiar with that end of it at all.

Q. Do they get a commission on the feed as well, any of them?—A. They are supposed to supply the feed, but as far as I know they do not.

By the Chairman:

Q. That is something you might look into.—A. We have a man working on these things. Our transportation man, Mr. Cook, works on this; I have nothing to do with that at all.

By Mr. Sales:

Q. Your idea, Mr. Light, in conclusion is that unless transportation costs come down the profit for the grower in Western Canada will be on the wrong side?—A. Taking the world prices for live stock, I cannot conceive of a permanent condition where you can afford to take cattle, double the value of them by overhead and so forth and expect to sell them in any market. You cannot afford to pay the freight equal in amount to the value of the animal and expect to sell it in any market.

Q. One man cannot afford to raise the animal for three years at a cost of $55, and then a company handle it for three weeks and charge $55 for their services; that is about it, is it not?—A. I do not see that you can expect so much variation between the British and the Canadian market so that you will have any permanent trade, if you have to pay that much overhead on cattle.

Q. I am putting it that if a man in Calgary gets $55 for his steer, that it takes him three years to produce that steer, then to get it to market it costs him $55, which you consider is a fair price in the Liverpool market?—A. Yes.

Q. It cannot leave any profit to the man engaged in producing the steer; that is my point; do you agree with me?—A. Yes. I think that is right.

Mr. GARDINER: Going from the sale of cattle and bacon to apples, the shippers would dump their apples over there, and they would be sold at a loss?

The CHAIRMAN: They send their best apples across to Great Britain. They said Montreal was their dumping market.

Mr. GARDINER: The British Columbia man said he did not get as high prices as the Eastern man got.

By Mr. Sales:

Q. With a large export of cattle to Great Britain, the prices must come down, and that will make the situation so much worse for the producer; that is what the Englishman is looking for—a reduction in the price of his beef?—A. Yes.

Q. If you are going to ship 100,000 cattle into Great Britain, it must have only the one result, a reduction in the price?—A. I understand a lot of cattle feeders in Great Britain have postponed buying cattle until the embargo is removed, so that they can buy them in Canada. That would be only with one object, namely, to buy them cheaper. They say that our cattle are too dear.

Q. And if transportation charges remain as they are at present, that reduction must be taken from the man who produces the cattle, which will make his loss greater; that is plain, is it not? I would like you to tell me what you think of that.

Hon. Mr. TOLMIE: These are all questions for argument.

Mr. HAMMELL: It is a question of opinion.

WITNESS: Well, if the market price is set and your overhead increases, there is only one place where you can pare the price, and that is the price to the producer.

By Mr. Sales:

Q. The important point is that with a large exportation of cattle to England, the price will come down, and if transportation costs remain where they are at present, $55, that reduces the amount which is left to the producer, and must increase his loss; that is a simple question in arithmetic, is it not?—A. That is the logical conclusion.

The CHAIRMAN: Mr. Milne, there was a question you were asking.

Mr. MILNE: I had finished.

The CHAIRMAN: Now gentlemen, we have two witnesses here. I think we can hear both of them in the time before adjournment and we might escape having another meeting to-day, unless Mr. Grant is here.

Mr. E. HAWKEN, recalled, testified as follows:

Q. You were dealing the other morning with two regulations which the British Government desired the Canadian Government to pass, with respect to the transportation of live cattle to the old country.—A. Yes.

Q. One was, as I understand it, a desire of the British government that the uprights to which the side boards, forming the spaces are fixed, should be 4 x 6 instead of as they are at present 3 x 5½?—A. Yes.

Q. And also a desire on the part of the British government that a regulation should be passed, forbidding the carrying of cattle on the forward deck of well decked ships?—A. In the winter time, from the 1st October to the 1st April.

Q. That is what you call "winter North Atlantic."—A. Yes.

Q. You have looked into this matter since our last conference and perhaps you have something to say to us as to whether these are really reasonable requests or whether they show an excess of prudence?—A. Well the 4 x 6 stanchion regulation is only bringing our requirements up to that of the American that are at present in force. The American regulations do not forbid the carrying of cattle in well decks, although I think from the experience of ocean transportation costs that a great many of them do not prefer to carry these cattle in well decks, especially in the winter time.

Q. Have you had any correspondence with the Shipping Federation in Montreal?—A. I have.

Q. What view do they take of it, briefly?—A. That they do not want the regulations amended in any respect, that they are sufficient as they are at the present time.

Q. I might interject here that Mr. Robb is prepared to come to-morrow if we think it wise to have him to testify on these points, and we can decide afterwards whether we will bring him or not. Now, do you think there is really any substantial difference in strength between the spaces made in accordance with our present regulations and those which would be made if a regulation was made in the sense desired by the British government?—A. There is a difference in the tensile strength of the stanchion between 3 x 5½ and 4 x 6. It does not appear to be very much.

By Mr. Hammell:

Q. Just there, Mr. Hawken—our specification says that the lumber must be sound spruce?—A. Yes.

Q. Is there a difference in the tensile strength of sound spruce, 3 x 5½ and say pine 4 x 6? I think the difference would be in favour of the spruce, being a timber man to some extent?—A. I do not know just exactly what the difference is. I can very easily get you that information from the text books.

By the Chairman:

Q. Is that not an excellent point made by Mr. Hammell?—A. Yes.

Q. As I understand it the British regulation does not call for any specified kind or quality of lumber?—A. No, it does not.

Q. Therefore would it not be a point for you, in taking this matter up with the British government, to show them that although our regulations of 3 x 5½ are somewhat less than the American, that we specify a strong quality of timber?—A. As a matter of fact I think in applying our own regulations we do not tie it down to spruce.

By Mr. Hammell:

Q. Oh yes.—A. I say in the application of it, our inspectors, Mr. Delorme or Mr. O'Grady at the port of Montreal, or the man at St. John, the three cattle inspectors that we have, will accept good sound lumber, either in spruce or white pine or—

Q. They are not enforcing the regulations as they are not— A. The regulations are intended to be as a guide. I do not think any inspector would have any license to say, "You could not get spruce" and turn down cattle fittings of pine.

By the Chairman:

Q. Do you know in your experience of any accident which happened because these uprights were 3 x 5½ instead of 4 x 6?—A. No. I cannot say that I do. We do not get reports of the condition in which shipments that leave our ports arrive on the other side. I have arranged for that now.

Q. Now, about the well decks, what is your opinion about the reasonableness of the request made by the British government in this regard?—A. My own opinion is that it is not at all unreasonable that cattle should not be carried in a well deck in winter. If you understand a well boat is a boat something like the contour of the two pictures there. There is a raised stern, and the deck may be dipped again, and coming up to the foc'stle head. They are down nearest the water. If she ships any water she is going to ship water in that well deck.

Q. The Lines object to this?—A. They say this is going to cut down available space for shipment.

Q. Do you say it is going to raise the rate or is that the inference?—A. Yes, and that is the reason I want to get this matter before this Committee. I might say those are matters of paramount importance from more than one angle, if our shipments from Canada are to arrive in the best condition in England. They have made an importation order: "We won't allow ships to come into our port carrying cattle, if they are not carried according to our regulations."

Q. Is it possible to cover the forward well over?—A. Yes. They are roofed.

Q. Is it very expensive?—A. I cannot tell you what the expense is. Mr. Robb or Mr. Pinsonnault can tell you.

By Mr. Sales:

Q. I think it would be a good idea if the Committee itself should go down and see cattle loaded.—A. You would have to go to St. John.

The CHAIRMAN: When the time comes I think I will invite the Committee to come down to Montreal.

By Mr. Sales:

Q. Do you think, Mr. Hawken, it would be of any value to this Committee to make representations to the British government with regard to these things, stanchions especially?—A. Yes, I think it would certainly strengthen our hands in dealing with it. They have taken it up with us officially asking us to do this.

Q. $3\frac{1}{2}$ x $5\frac{1}{2}$ is really what we call a 6 x 4.—A. 3 x $5\frac{1}{2}$.

Q. That means a shade less than 6 x 4?—A. I beg your pardon.

Q. That means a shade less than 6 x 4 in my experience in using lumber?—A. You mean the saw cut.

By Mr. Hammell:

Q. In the lumber business that means a shade over 3?—A. Not if you are supplying 6-inch. You have to take a saw cut out of that. If you square your log to 6 inches and put it through the edger you don't get a 4-inch out of it. You have to take the saw cut out of it.

Q. Are these uprights dressed?—A. No, sir.

Q. They are just in the rough?—A. Yes. They are face-edged to the out-board side. The 3-inch side is to the out-board side of the ship.

By Mr. Sales:

Q. Is it a 5-inch between the cattle?—A. Yes.

The CHAIRMAN: We have Mr. Pinsonnault, who is a ship liner. That is his business.—A. Your fittings for your stalls come out here.

By Mr. Milne:

Q. What is the difference to the butcher if an accident happens on the voyage. They do not have to pay for it, do they?—A. There are a great many humanitarian or humane societies in the Old Country, and they are all the time shouting for money in the press for propaganda to carry on their work, and they readily seize an opportunity when a shipload of cattle comes into Great Britain with any large mortality or damage to say, "look at the way these poor cattle have been handled on board ship."

The CHAIRMAN: Are there any more questions to ask Mr. Hawken? We thank you very much.

The WITNESS: I have, Mr. McMaster, some photographs and things that you possibly would like.

Witness retired.

LUCIEN HENRI PINSONNAULT, called, sworn and examined.

The CHAIRMAN: What is your full name?—A. Lucien Henri Pinsonnault.

Q. How do you spell it?—A. P-i-n-s-o-n-n-a-u-l-t.

Q. What is your business?—A. My business is ship lining, live stock fittings and stevedoring.

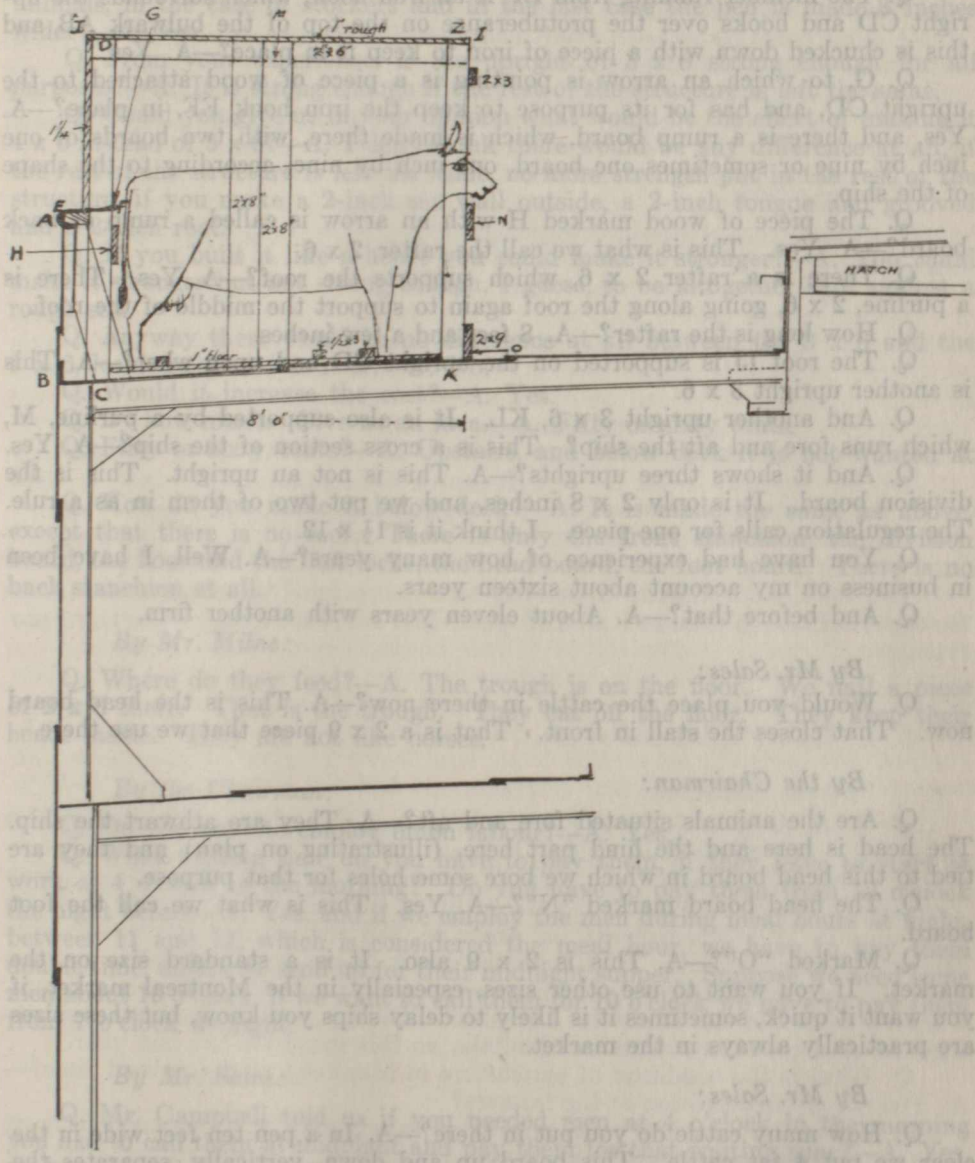
Q. You are accustomed to put up live stock fittings on board the boats to take over live animals to the Old Country?—A. Yes.

Q. Will you take a piece of paper and just show us how these are made?—A. Do you want the top deck.

APPENDIX No. 3

EXHIBIT No. 14

Sketch of cattle stall on open deck of ocean steamer, referred to in evidence of Mr. L. H. Pinsonnault.



Q. Take the top deck first of all.—A. On the top deck—.

Q. You had better draw the thing and explain it later.

Mr. HAMMELL: There is something in the regulation about angle iron being used in this. Are there any objections to that?

The CHAIRMAN: I do not know.

The WITNESS: This is supposed to be the bulwark rail, that is a full rail, about 3 feet six high.

Q. The line AB represents the bulwark rail, which is on the side of the ship, made of permanent iron. The member CD is a stanchion, 3 x 6?—A. Yes, commercial size. 3 x 6, and then this is a hook that goes around the stanchion and is hooked under the projection of the bulwark, $\frac{3}{4}$ of an inch.

Q. The member running from EF is an iron hook, which surrounds the upright CD and hooks over the protuberance on the top of the bulwark AB and this is chucked down with a piece of iron to keep it in place?—A. Yes.

Q. G, to which an arrow is pointing is a piece of wood attached to the upright CD, and has for its purpose to keep the iron hook EF, in place?—A. Yes, and there is a rump board, which is made there, with two boards of one inch by nine or sometimes one board, one inch by nine, according to the shape of the ship.

Q. The piece of wood marked H with an arrow is called a rump or back board?—A. Yes. This is what we call the rafter, 2 x 6.

Q. There is a rafter 2 x 6, which supports the roof?—A. Yes. There is a purline, 2 x 6, going along the roof again to support the middle of the roof.

Q. How long is the rafter?—A. 8 feet and a few inches.

Q. The roof IJ is supported on the upright CD and upon what?—A. This is another upright 3 x 6.

Q. And another upright 3 x 6, KL. It is also supported by a purline, M, which runs fore and aft the ship? This is a cross section of the ship?—A. Yes.

Q. And it shows three uprights?—A. This is not an upright. This is the division board. It is only 2 x 8 inches, and we put two of them in as a rule. The regulation calls for one piece. I think it is $1\frac{1}{2}$ x 12.

Q. You have had experience of how many years?—A. Well, I have been in business on my account about sixteen years.

Q. And before that?—A. About eleven years with another firm.

By Mr. Sales:

Q. Would you place the cattle in there now?—A. This is the head board now. That closes the stall in front. That is a 2 x 9 piece that we use there.

By the Chairman:

Q. Are the animals situated fore and aft?—A. They are athwart the ship. The head is here and the hind part here, (illustrating on plan) and they are tied to this head board in which we bore some holes for that purpose.

Q. The head board marked "N"?—A. Yes. This is what we call the foot board.

Q. Marked "O"?—A. This is 2 x 9 also. It is a standard size on the market. If you want to use other sizes, especially in the Montreal market, if you want it quick, sometimes it is likely to delay ships you know, but these sizes are practically always in the market.

By Mr. Sales:

Q. How many cattle do you put in there?—A. In a pen ten feet wide in the clear we put 4 fat cattle. This board up and down, vertically, separates the cattle pens, if I might say.

By Mr. Milne:

Q. That is the space?—A. You have these boards every 10 feet like that and in between you put 4 fat cattle, and then if you want stalls for stockers you make the pens 10 feet 8 inches wide, which is 8 inches wider and in these pens you put 5 stockers instead of 4 fat cattle.

APPENDIX No. 3

By the Chairman:

Q. Is there any board separating these 4 or 5 cattle, as the case may be.—A. No, they are in pens. They are not individual stalls.

Q. They are stalls containing 4 animals, in the case of fat animals and 5 animals, in the case of stockers and in the last case the pen is made 8 inches wider?—A. Yes.

Q. From your experience, is the upright of 3 x 6 strong enough for all purposes?—A. It is strong enough if the rest of the structure is left the same.

Q. Could you give us in your opinion what would be the effect of making it 4 x 6 instead of 3 x 6?—A. I don't think there would be any difference at all, if the rest of the structure is left the same, no more strength put in the rest of the structure, if you make a 2-inch sea wall outside, a 2-inch tongue and grooved and a 2-inch roof.

Q. If you built it like a house you could make it stronger?—A. You could make it stronger but not strong enough, I guess, to be altogether safe against a rough sea.

Q. Anyway there would be no difference at all between the 3 x 6 and the 4 x 6, leaving the rest as it is?—A. No.

Q. Would it increase the cost?—A. Yes.

Q. By how much. Give us an idea.—A. Fifty or sixty cents.

Q. Fifty or sixty cents?—A. Upstairs, and below deck it is not wanted at all.

Q. How do you make it below deck?—A. It is made the same as above, except that there is no roof. There is only the front stanchion, the division board, the floor and the foot locks, the head board, the foot board. There is no back stanchion at all.

By Mr. Milne:

Q. Where do they feed?—A. The trough is on the floor. We nail a piece of 2 x 6 there. That is the trough. They eat off the floor. They keep their heads inside. They are not like horses.

By the Chairman:

Q. Do you have to employ union labour?—A. Yes.

Q. What waiting time do you have to pay them, if they have to start at work at 4 o'clock in the morning? Do you have to pay them from 12 o'clock the night before—A. Yes, and if we employ the men during meal hours at night, between 11 and 12, which is considered the meal hour, we have to pay them double time, unless we send up for their midnight supper. Suppose we need some men about 10 o'clock, if we want to call them for 10 o'clock we have to pay them from 7 o'clock at night.

By Mr. Sales:

Q. Mr. Campbell told us if you needed men at 4 o'clock in the morning you had to call them at midnight and pay them for that waiting time?—A. Yes, we have to call the men at midnight.

Q. That means the shift begins at midnight?—A. Yes.

Q. And the morning shift begins at 7.30?—A. At seven, but they wait half an hour without any charge.

Q. So you have to pay them from seven thirty even though your ship is not ready to leave until 11 o'clock?—A. Yes.

Q. If they work between twelve and one, which is meal time, they are paid double time?—A. If it is on Sunday it is four hours for one; double double time.

Sunday regular time is double time but Sunday during meal hours is double double time that is four hours for one hour.

Q. That has materially increased the cost of putting these goods in?—A. It does not happen often on Sunday, because the owners of the ships are trying to save that overtime as much as possible.

Q. How much do you pay these men?—A. Fifty cents an hour for day time; sixty cents an hour for night time.

Q. And the double time is twice sixty.—A. It would be $1.00 an hour for day time and $1.20 for night time on Sundays. Double those prices for meal time.

Witness retired.

The Committee adjourned until 3.30 o'clock of the same day, March 27th, 1923.

Afternoon Session

HOUSE OF COMMONS,
COMMITTEE ROOM, No. 268,
TUESDAY, March 27, 1923.

The Special Committee appointed to enquire into Agricultural conditions throughout Canada resumed at 3.30 p.m., Mr. McMaster, the Chairman, presiding.

H. C. GRANT called and sworn.

By the Chairman:

Q. What do you do?—A. I am conducting cost of production studies in Manitoba. My title is Hudson Bay Fellow.

Q. You are connected with the University?—A. Yes. The Hudson Bay Company each year give a scholarship of $1,500, which is open to students or graduates of any university in America, and the purpose of which is to promote graduate study. It is supposed to be in my own university for pure or applied science, and for some reason or another, they gave it to me last year. I am a graduate of the Manitoba Agricultural College, and I have been conducting cost of production studies in Manitoba on this grant for the last year.

Q. What is the condition of agriculture in Manitoba at the present time?—A. You mean the condition of the farmers?

Q. Generally. Are the farmers making money and living extravagantly or are they having hard times?—A. If you don't mind, I would rather give you the results of the actual studies I have made, and then I can answer that question more fully both from the standpoint of financial conditions and also from the standpoint of the morale of the people.

Q. If you prefer to address yourself to the subject in that fashion, I have no objections? You have prepared, I presume, some sort of statement to lay before the Committee?—A. Yes sir.

Q. Then I propose that you go ahead and lay that statement before us, and when you have finished with it, we will question you on certain points

that may suggest themselves to us.—A. That would satisfy me. I have some charts here. But first I would like to establish my authority for conducting investigations along the line which I have pursued and show the manner in which I have conducted those investigations so that you will understand that more than my opinions and conclusions have been brought to bear on the subject. Studies in the cost of production have been conducted in the United States for upward of eighteen or nineteen years, and I have used the data of the men who conducted those investigations in the United States in pursuing my investigations. So I had that advantage.

Q. You followed the same methods as those followed in the United States?—A. Practically, yes. Not only so, but I had an opportunity of studying the methods personally, and I used those methods practically in Manitoba.

Q. Be a little more specific; you mean the methods followed in the United States?—A. Yes, in North Dakota and the general results of the investigations in the United States. The United States have a Federal department of economics, and the State Governments do this work under its jurisdiction. It gives them grants, and they collect the data, and publish it from the United States' standpoint. These (indicating) are two books that were placed on twenty-one farms in Manitoba. In one of these books the farmer enters all his cash receipts and cash expenses for each crop, horses, cattle, sheep, goats and the like. This other book is a labour book in which he puts all the labour that he does in connection with his enterprise. I have analyzed for you the results obtained from those farmers, and I propose to present these this afternoon. First, I would like to refer to what we call the cost estimating school, which is the manner of arriving at the cost of producing wheat as developed by the United States Department of Agriculture. I conducted three of those schools this year, and I propose to give the results and explain how these schools are conducted. You can understand that there are certain factors in producing wheat that are the same from one year to another; that is, the amount of ploughing, harrowing, sowing and things like that. They are constant. But the value of the dollar is relatively unstable, so that if we can get those factors that go into producing an acre of wheat and have them placed before the farmers, and ask them to supply me with the relatively unstable things, what they paid for labour, seed, wheat and the like, we can get a fairly accurate figure of what it costs to produce an acre of wheat. The results of this cost estimating school in the United States have been almost exactly the same as the results obtained from 160 or 200 farm records. I wish to establish this method so that you may have some faith in the results or conclusions that I have drawn.

[Mr. H. C. Grant.]

EXHIBIT No. 15

(Chart showing labour costs of producing acre of wheat)

QUANTITATIVE

LABOUR—FACTORS

1 Acre of Wheat

	Horses					Acres per Day			Man Hrs. per Acre			Horse per Acre		
	Times	Men	Portage	Waskada	Deloraine	Por.	Was.	Del.	Por.	Was.	Del.	Por.	Was.	De.
Plowing	1	1	4	5	5	4	4·5	4·5	2·50	2·22	2·22	10·00	11·10	11·10
Harrowing	2	1	4	5	5	35	45	40	0·56	0·44	0·50	2·24	2·25	2·50
Packing	1	1	4	.....	.....	20	.....	.....	0·50	.....	.....	2·00	.....	.....
Cultivating	1	1	4	.....	.....	13	.....	.....	0·77	.....	.....	3·08	.....	.....
Seeding	1	1	4	4	4	18	20	18	0·55	0·50	0·55	2·20	2·00	2·20
Cutting	1	1	4	4	4	14	18	16	0·71	0·55	0·62	2·84	2·20	2·48
Stooking	1	1	.....	.....	.....	10	9	10	0·90	1·00	1·10	1·00	.....	.....
Hauling	.....	.....	.....	.....	.....	.....	.....	.....	0·50	0·50	0·50	1·00	1·00	1·00
Miscellaneous	.....	.....	.....	.....	.....	.....	.....	.....	1·00	1·00	1·00	1·20	1·20	1·20
Total	.....	.....	.....	.....	.....	.....	.....	.....	7·99	6·21	6·49	25·56	19·75	20·48

WITNESS: This (indicating chart) is the way in which we arrive at how much horse-labour and man-labour it takes to produce an acre of wheat. We have these things: Ploughing, harrowing, packing, cultivating, seeding, cutting, stooking, hauling and miscellaneous. And we have from 50 to 60 farmers at the meeting. I ask them, how many times do you do these operations; how many men had you; how many horses; how many acres did you plough up, and they all give the information and we are able to come to a definite conclusion as to the number of hours put on an acre of wheat. I conducted those schools at Portage, Waskada and Deloraine, and the results show that in Portage the number of man-hour was 7·99, practically 8 hours.

Q. What is a man-hour? Is it one hour worked by one man?—A. One hour worked by one man. In the Waskada district it was 6.21, and in Deloraine it was 6.49. The horse-hours per acre were in Portage 25.56; in Waskada 19.75, and in Deloraine 20.48. Now we have made a labour charge against an acre of wheat.

By Mr. Sales:

Q. I suppose that the difference between the 8 hours and the 6½ would be due to the character of the land?—A. Yes. In the Portage plains they pack and cultivate. The weeds are something terrific. They practically have to cultivate their land in the spring before they plant it, and then the land is heavy.

By the Chairman:

Q. In the eastern part of Canada, we consider that if a man ploughs with a single plough and a team of horses an acre a day he is doing fairly good work.

Mr. CHAIRMAN: Oh no.

Mr. HAMMELL: Oh, no.

The CHAIRMAN: Well, please cross that question out, Mr. Stenographer.

Mr. SALES: I think the question should remain, because if that is true of eastern Canada it shows up the western farmers in a very favourable light. In contrast to that one acre per day, tell them what the average farmer does per day?

WITNESS: We consider that with five horses and one man we can plough from 4 to 4½ acres per day.

By Mr. Sales:

Q. They use only gang ploughs with 4, 5 and 6 horses a plough?—A. That is it.

Q. According to the character of the land?—A. And the character of the horses too. That establishes our method of making a labour rate on an acre chart. That is what we call quantitative factors of labour production, that is factors in cash, showing how much money it costs. I will just read the different factors that enter into the cash costs in producing an acre of wheat—land, seed, man-labour, horse-labour, machinery, twine, threshing, management and insurance.

Chart showing cash cost filed as Exhibit No. 16 (Included in Exhibit No. 18).

WITNESS: First. I wish to deal with our land charts. That is how we estimate this charge on an acre of land. You can understand in trying to estimate how much we charge for land, there are various factors entering into it, and we try to eliminate sentimental valuations; that is, "My father owned

this farm, and I would not part with it for $75 an acre," and, "I lived on this farm so many years." We took it on this basis; we took the general price of land in that whole community, if you had a farm and wanted to buy an additional bare quarter-section, how much you think you would have to pay for it, irregardless of the buildings. I think some of you will agree that we have made a very conservative estimate of the value of land. I am taking the buildings separately, because some man might have a house worth $15,000, a man who made his money on the increase on land value. In Portage, we valued land at $40 an acre.

I am referring to a table found on a document which is No. 17.

EXHIBIT No. 17

RENT OF LAND

—	Portage		Waskada		Deloraine	
	Value	Charge	Value	Charge	Value	Charge
		$ cts.		$ cts.		$ cts.
Bare Land	$40 at 6%	2 40	$18	1 08	$25	1 50
Buildings—						
Interest on investment	$30 per ¼ Sec	1 12	$1,000 per ¼ Sec	0 37	$2,000 per ¼ Sec	0 74
Depreciation	$30 per ¼ Sec	0 93	$1,000 per ¼ Sec	0 31	$2,000 per ¼ Sec	0 62
Insurance	$40 for $5,000	0 15		0 05		0 10
Taxes	$90 per ¼ Sec	0 56	$42 per ¼ Sec	0 25	$70 per ¼ Sec	0 4
		5 16		2 06		3 39

In Portage we arrived at a figure of $40 an acre. I think you will agree that is a fairly conservative figure for a Portage farm. The bare land charge comes to $2.40 at Portage.

By the Chairman:

Q. Per acre?—A. Yes.

Q. Interest charge?—A. Yes. Waskada, we valued the land at $18 an acre. I will explain this, Waskada is in the far southwest of our province, where we hav had four or five drouth years. Deloraine is about ten or fifteen miles east of Waskada, but a little more fortunately situated with regard to rain. The value there is $25, and the charge $1.50 an acre. Buildings—we separated them, and at Portage we estimated the value was $3,000 per quarter-section. Portage is an old established district and that is very conservative, if you go through there and see the type of buildings and barns they have.

By Mr. Sales:

Q. You are allowing for farm buildings?—A. Yes.

Q. Not the house?—A. Yes, farm buildings; that is the house and barns and silos, the average for that district.

Q. That is very low?—A. Yes, you will consider that is low. I may say that later on in our actual estimates we charge the farmer with rent, so it makes up for that later on, that is on the house. That is $3,000 in Portage. $1,000 in Waskada for buildings; the buildings are quite inferior to the buildings at Portage; $2,000 in Deloraine, which make $37 at Waskada and $74 at Deloraine. Depreciation on the buildings is at 5 per cent, which is the Domioion Government income tax allowance, and that works out at $3,391.62. Insurance on the buildings that is $40 for $5,000 and that is 15 cents, 5 cents and 10 cents. Taxes;

in arriving at the taxes we got the average figures from the municipal clerk, and in Portage they were $90 per quarter-section, which is an acreage charge of 56 cents. Waskada was $52 per quarter-section, which is 25 cents; Deloraine $70, which is an average charge of 43 cents.

By the Chairman:

Q. Does that include school taxes?—A. Yes, sir, that is the total taxation. The total charge for land—I may say in regard to your remark, that some of them, for instance, like in Portage, it went as high as $146 a quarter-section.

Q. The taxes?—A. Yes.

By Mr. Hammell:

Q. That is at the highest?—A. Yes.

Q. How do you account for that?—A. Road work and school taxes are the big charges.

Q. Telephone?—A. It is not as heavy; you will agree with me, Mr. Sales.

Mr. SALES: It runs about $25, I think.

Mr. MILNE: It does not come in the taxes, though. There is no telephone in the taxes.

The WITNESS: This is just the general municipal taxes.

Mr. HAMMELL: I understood you had a telephone tax.

The WITNESS: A municipal levy, but not in the personal taxes.

That makes a total charge for land at Portage $5.16, Waskada $2.06, and Deloraine $3.39.

By the Chairman:

Q. That is to say, before the man gets anything for his labour at all he has got to make, in Portage la Prairie, $5.40?—A. $5.16.

Q. $5.16 not counting his investment in the land, investment in the buildings, and necessary disbursements for school and municipal taxes.—A. Those are his overhead charges, just on the buildings and land; there are others, on machinery and things like that. I will come to that later.

By Mr. Sales:

Q. Have you these summarized in a later sheet?—A. Yes.

Mr. SALES: I will not make any notes, then.

The WITNESS: The first thing, I have distributed that. The next charge is seed; it is simple to get that, I just asked the average amount of seed sold and what was paid; that came to $2.25 at Portage, $1.25 at Waskada, and Deloraine $1.15. The reason for the difference is that Waskada is very light land, and has not very much rainfall, and of course we seed less.

By Mr. Sales:

Q. Is that calculated into a charge per bushel?—A. No; $1.15 to $1.30 a bushel, that is what we paid for seed wheat last year.

Mr. SALES: Yes, that is right.

By the Chairman:

Q. Just a moment. What is that you have?

The WITNESS: I hold in my hand and am now referring to a document which is No. 18, being a chart of the total cost on an acre of wheat, the total production cost of an acre of wheat.

EXHIBIT No. 18

	Portage	Deloraine	Waskada
Land	5 16	3 39	2 06
Seed	2 25	1 33	1 15
Man Labour	2 23	1 76	1 78
Horse Labour	3 23	2 79	2 55
Machinery	1 08	1 08	1 08
Twine	0 52	0 37	0 30
Threshing	2 55	2 88	2 16
Management	1 87	1 87	1 87
Insurance	0 50	0 28	0 30
Total	19 39	15 75	13 25
Summer Fallow	4 57	3 63	3 31
Cost per Acre	23 96	19 38	16 56
Yield	17 Bush.	18 Bush.	18 Bush.
Cost per Bush	$1 41	$1 08	$0 92

Exhibit No. 16 included in Exhibit No. 18.

By Mr. Sales:

Q. Now, beginning at the first, so we will get it all. We have passed land and seed.

The WITNESS: Man labour is next. I have the number of hours here. I asked them, "How much did you pay for a man during last season," and they gave me the figure. In the different districts it came to around about $405 or $410 for a man for a year.

By the Chairman:

Q. Is that without board?—A. That is with board.

By Mr. Sales:

Q. Can they hire their men by the year?—A. Some of them do, Mr. Sales, quite a number of them; a number of men I had on my actual accounts hired their men by the year.

Q. Did you not find the tendency was that men would not hire for the year?—A. I worked it out. The average man would hire out for $350 a year, but we took the 7 months, the average for that, and then the 5 months at the average. We asked, "How much can you get a man for in the summer?" and they would say $30, and we would take 7 times that, and 5 times the winter average. It came to $405 or $410.

Q. With board and lodging?—A. Yes.

Q. Washing?—A. Yes, I added that to that charge, then $1 a day for board; that is the income tax rate, I think.

By the Chairman:

Q. Will you please hold that chart so that everybody can see it.

The WITNESS: We took and divided that by the number of productive hours, which I found was the average number of productive days a man worked on the farm, about 272 days, and then we divided that by 10 and struck our rate, and then multiplied that by the number of hours we got in Exhibit 15.

Q. Calculated on a 10-hour day?—A. Yes, that is just labour in the field.

By Mr. Sales:

Q. Explain that, deal with that right there?—A. He may be doing chores, and I know he is.

Q. How do you explain that?—A. Here is the thing. From 5 to 7 in the morning is preparation for that day, and over and above that, after that his chores at night are the same.

Q. That is not very clear to the stenographers; remember it is all Greek to them. From 5 to 7 o'clock he is getting ready for the field?—A. Yes, and after he has come in at night he has his chores to do then, too.

Q. You are not explicit enough; from 5 to 7 is preparation, then he is where?—A. 7 to 12 in the field, and 1 to 6.

Q. Does he only give his horses one hour's rest?—A. That is about the size of it. If you work on a farm you get into the barn about 12 o'clock and start out about 1. You may get out to the fields later, but you usually start from the farm at 1 o'clock.

Q. Then you get in at 6 o'clock at night, is that it?—A. No, you usually start pulling in at 6 o'clock at night, but your productive labour on the field for wheat growing, I figured it out on a 10-hour average for this reason, that many men have different hours, but they usually put 10 hours in the field. It does not make any difference what you use, you have to eat up $405 worth of labour, and it has to go against the acre, so whether you use 10 or 9 hours it does not make any difference, the acre has to take the cost of it.

By Mr. Sales:

Q. Just finish this out, so the man who is not a farmer will know what hours are usually worked on the farm. After 6 o'clock he gets in, we will say, for supper, at half-past six; would that be right?—A. He would be at his supper, probably, at a quarter to seven, after putting his team away.

Q. Then he has to go and do his chores, bed the horses, and feed them; what time does he finish?—A. Nine o'clock, usually.

Q. Then it is from 5 in the morning to 9 o'clock at night with an hour for dinner and a half hour for supper?—A. Yes.

Q. In order to get 10 hours work a day in the field?—A. Yes.

Q. And if the field is half a mile, or three quarters of a mile, or a mile away, he would not even get in that much?—A. It all depends on the farm, a good deal.

Q. How many hours is that, from 5 to 9?—A. We usually figure on a 14 hour day out West.

By Mr. Elliott:

Q. Just in this connection, do you not think that if these men were to reduce their working hours, that in the course of a week they would probably accomplish more work?—A. No, for this reason. Unfortunately, we have no control over the manner in which our crop is produced; we have a certain time limit when it pays us to sow wheat; we have to get it in. We have to get a certain amount of crop labour done, we have to cut the wheat, we may work all night for a certain time. During the winter months we may slacken down, but at certain times of the year, we have to put in the extra work.

Q. Are the hours the average for the year?—A. For 272 days of productive labour.

By Mr. Hammell:

Q. How do you arrive at that 272; there are 312 working days in the year? —A. Just from figures derived from my own work and from the 20 years statistical work in North Dakota, the amount of work put in on the ordinary farm.

By Mr. Elliott:

Q. In your investigation did you ever come across a farmer in your district who has all his work done at 6 o'clock at night, generally speaking, the year around? I mean the chores, and everything?—A. I have heard of them, but I have never come across them. The nearest I ever came to one—I was team foreman on a six section farm, down in Southern Alberta, for about a year, and we were all driving eight-horse outfits, and when we came in at night there was a choreman, and he did that, but any man who is a good teamster always wants to groom his horses at night. We were 25 miles from the nearest town, so we did not have anything to do. I have heard of that from some of my students at the college, but I have never run across it.

Q. You never have personally observed that system of farming?—A. No.

By Mr. Sales:

Q. I have found this, from personal experience, that we could do more, or as much in 9 hours on the field as our neighbour did in 10, taking one day with another. We got up at 5 in the morning, were on the field at 7, left at half past eleven, and were back on the field at half past one, taking two hours, from the time of leaving the field to the time we returned to it in the afternoon, and quitting at 6 o'clock at night. That made four and a half hours in the morning and four and a half in the afternoon, actual work on the fields, and I think we accomplished quite as much in 9 hours as our neighbours did in 10.

Mr. ELLIOTT: I rather think that is right, from my experience.

Mr. SALES: The horses can only stand so much.

The WITNESS: That is a sociological question, not an economic one. The next is " horse-labour ", and we base that by taking the prime value of a horse, that is, what is a horse worth at Portage? The type of horse they have there, they said it was worth $150, and we took 10 per cent depreciation on a mature horse, 8 per cent on his investment, and then I allowed 146 bushels of oats and 3 tons of hay a year to feed the horse.

By Mr. Hammell:

Q. What do you do with him the rest of the year?—A. That is the average from our figures that was fed to the horses.

Q. 3 tons of hay and 146 bushels of oats?—A. Yes. I am using that as an average. You must remember that in Manitoba we have a large number of horses that during the heavy rush, the crop season, we feed. In the winter time we let them run on the cross-tracks, and that accounts for that. Now, we figured that a horse does 85 days labour in a year, and the way we figure that is this, that one horse will do about 40 acres; 12 horses on a 480 acre farm, and that horse does about 22 hours on an acre, that brings him up to about 80 days, and then we figure they do about 50 days unproductive labour around the farm, so we just divided that 86 days into the other charge and got at our rate for that, and multiplied it by the hour rate in the first place, and that makes a charge for horse labour of $3.23, $2.79, and $2,55. I may say in passing that the cost of keeping horses is a thing hardly appreciated by the western farmer, and I intend to publish some figures later on showing the relationship between use of horses and the profit from the farm. I have the actual figures in my office; I have not analyzed them yet, but I will try to show what there is to show on the relationship between how economically a man uses his horses and his net profit.

By Mr. Sales:

Q. That is all for production?—A. Yes. The next charge is for machinery, and I averaged the farms that I was working on, their machinery value, the machinery they had, and I took 8 per cent depreciation, 8 per cent interest on investments and 5 per cent for repairs and replacements. That is a recognized amount allowed for machinery.

By the Chairman:

Q. That is 21 per cent?—A. Yes.

Q. That would give a machine a life of about 5 years?—A. No. 8 per cent is interest on investment; 5 per cent is for oil and repairs, things he has to buy for his machine.

By Mr. Sales:

Q. 8 per cent depreciation?—A. Yes.

Q. That is 12½ years for the life of the machinery?—A. Yes. Then I distributed that over a year, which is a charge of $1.08. Then the next thing was twine, and I asked them what it cost them for twine, and it cost them 52 cents, 37 cents, 30 cents. That is for twine.

By Mr. Hammell:

Q. At 14 cents a pound?—A. Yes. Now, the threshing charge was based on this; to get an equable figure—is there any more on that twine question?

By Mr. Hammell:

Q. You did not have a very heavy crop?—A. No, but that is the average.

Q. Four pounds of twine to the acre?—A. Less than that, three and a half or four. That is a lot of twine to an acre.

Q. There is a lot of things depend on the twine, the size of the sheaf, and so on; you could hardly go by the twine per acre, it does not indicate very much. I have seen a big heavy crop of grain that did not take much twine.—A. This was last year's condition.

By the Chairman:

Q. You are basing your figures on the operations of last year?—A. Yes; Portage had a heavy, unwieldy crop, and the crop in the south country was a light crop, a fairly good yield but thin straw, Durham, and that is easy to bind.

To make a threshing charge, we had certain threshermen at these meetings, and we asked them, "How much would you charge to bring an outfit to a farm, bear all the expenses, the seed and keeping your crew supplied, the extra team labour, and interest on your investment, how much would you charge?" and this worked out at 15 cents a bushel for wheat, and we multiplied that by the average yield, which gives us $2.55 for Portage, $2.88 for Deloraine, and $2.16 in Waskada.

By the Chairman:

Q. May I ask a question here. You are charging that threshing just as though the thresher came in and did the work, just as a commercial operation. Now, as a rule does the farmer not supply some of the labour himself, and supply some of the food himself, and in that way reduce the cost?—A. Yes, he does, but it is pretty difficult to get at a figure. I will have figures for that. Farmers who thresh for themselves, it costs them around 7 or 8 cents a bushel, but the vast percentage of Manitoba threshing is done by custom thresh-

ing, for this reason, that we like to take the advantage of getting on the early market, in Manitoba, and we have these outfits going around the country.

Q. It is not a disadvantage to be forced to sell your wheat in the early days of September, by economic pressure by your banker?—A. In September?

Q. Yes.—A. No, not at all.

By Mr. Sales:

Q. That is for the early markets?—A. Yes, that is about the first 17 or 18 days in September, and part of August.

Q. Then by October and November.—A. We market about 25 per cent of our crop in the last part of August and the first part of September. We have an advantage of about 2 cents a bushel over Saskatchewan and Alberta.

By the Chairman:

Q. Forgive me for interrupting you; you say you put that threshing cost on a purely commercial basis and there is no allowance made for the assistance which the farmer himself may give to the work?—A. Yes, that is taken off. That is the outfit he brings in; the farmer probably gives only a stoop team or so but we have to get it on an average basis. There were too many variations, according to the thresher, and the length of his run, and his breakdowns and so on. I found some men who said it costs them 25 cents a bushel to thresh. I was not going to take those figures, because I found afterwards that they had old machines which were breaking down about every day, and I asked them, "If you take everything into consideration, what do you think is a fair charge?" And they said, "15 cents."

By Mr. Sales:

Q. I want to correct a wrong impression which I think you have conveyed. You said a farmer could thresh his wheat for 7 cents a bushel. That implies that the thresher is making 8 cents profit. The man threshing at 7 cents does not usually figure on depreciation or interest on his investment or anything like that. A man can thresh his crop at 7 cents a bushel, and find his own labour.—A. I have some figures on threshing which I will give to you later. I think the point is well taken, to a certain extent.

Mr. SALES: We will pass that up for the time being, if you take it up later

The WITNESS: Now, the next charge I made, some of you may disagree with me, but I feel that this is a legitimate charge; it is what I call, "management." You take a farm with $30,000, $40,000, $50,000 invested, and it is a business. Any other business would have to pay a competent man to manage it, and I have allowed the farmers under that what they considered they would pay a man to come in and manage their farms, and we figured that at $1,000. That is allowing him a management charge, but not taking out of that his own labour, because we have already had a labour charge of $4.05, and the remainder I distributed on an acre basis, which is $1.87 an acre, for his ability as a farm manager, paying him for being superintendent of his farm. You may disagree with me as to the legitimacy of that charge, but it is a harge which I contend is legitimate, and I intend to use it for results of that kind.

By Mr. Hammell:

Q. Is a farmer usually looked upon as a farmer, a book-keeper and a labourer?—A. And a superintendent.

Mr. SALES: A veterinary surgeon, a carpenter, and a general mechanic.

By Mr. Hammell:

Q. Why do you pay him $2,000 as Manager?—A. Simply for these very things.

Q. I was consolidating these various things in one.—A. I would hardly pay him just the wages of an ordinary hired man, when he conducts all the management, the planning of his rotations, the feeding of his cattle and the business of his farm.

Q. With regard to the hiring of labour, they both labour together do they not?—A. But he does something with his head.

Q. You pay him for his thinking?—A. Yes. You men who are doctors and lawyers get paid for your thinking; you do not get paid for your back work. I do not mean this in sarcasm at all, I mean it as a direct statement.

Q. Go ahead.—A. The next charge is crop insurance. I distribute that on the average for the district at 50 cents an acre. There was a little more danger of hail at Portage this year, when hay went up; it did not injure as much down south. The total charge for this is $19.39, $15.75 and $13.25. There is to add to this the summer fallow charges, which we found from our agricultural survey that we conducted last year in Manitoba, the average in those districts we took from the report showing the amount of cultivated land under summer fallow was 25 per cent. I took one-third of those charges, like land, labour, farm labour, horse labour, machinery and management and added all of this charge, that is, one-third of the fixed charges, and that brought the total up to $23.96 in Portage, $19.38 in Deloraine and $16.56 in Waskada.

Q. The average yield was 17 bushels?—A. 17 bushels was the average yield in Portage, in Deloraine it was 18, and in Waskada it was 18. That is not included in the land which was hailed out; there was a great percentage of it.

By Mr. Robinson:

Q. Mr. Grant, in those figures with regard to summer fallowing, there would be a certain portion of your land under crop that will just produce a crop every two years?—A. Yes.

Q. In what way will that affect it? Have you provided for that?—A. There are two ways of distributing summer fallow charges; one is to take the cost of your summer fallow and graduate it, the first year a certain charge for wheat, then oats, in the usual rotation, diminishing the charge until we have it eaten up. Considering the amount of summer fallowing you have each year, you may as well take it or have it distributed over all crops, because they are all paying for the upkeep of that land. The charges are made for that year, and each crop has to bear its share of the upkeep of that land, so we may as well make the charge and distribute it over that year.

By Mr. Sales:

Q. But Mr. Elliott's point is that on some land there are two crops; you take the summer fallow every fourth year; there are two crops of wheat, oats or barley, and the charge this year is not applicable to the individual crop, whatever it may be?—A. I base my summer fallow charge on what our survey showed us, and that was 25 on the average. That makes the average bushel charge in Portage 1.25, in Deloraine 1.07⅔, and in Waskada .92.

By the Chairman:

Q. Did you examine into what the average return was per acre in those districts and the price per bushel received; you have established in your figures the cost per bushel,did you inquire into what price was realized per bushel?—A.

It was rather a difficult thing to get at; that is some men sold at different times, They sold at what they thought was fair, then came in to us, and the price was between eighty and ninety cents.

By Mr. Sales:

Q. Pardon me, Mr. Grant, but have you not forgotten one thing in particular; you have nothing there for hauling?—A. I have that in my labour charge; I meant that as a labour charge.

Q. If it is included, it is all right; I thought you had forgotten it.—A. No.

Mr. HAMMELL: The cost per bushel in Portage would be $1.41.

Mr. ROBINSON: I think that is very important, the cost per bushel.

Mr. HAMMELL: I make it $1.41.

WITNESS: I did not figure it out in that way. I was working at it on the acre basis.

By the Chairman:

Q. Divided by the average bushels per acre. It does not give you a true statement, if you do not take the hailed-out portions, because the hailed-out portions had to be ploughed, harrowed and managed the same as the other?—A. That is true, Mr. McMaster.

By Mr. Robinson:

Q. The returns would be correspondingly low?—A. They did not have anything, so I could not make a comparison between Waskada and Portage, not if you considered the hailed-out area.

By the Chairman:

Q. They would get their hail insurance?—A. Some of them would.

Q. You have charged the hail insurance?—A. Yes.

By Mr. Sales:

Q. Taking that 17-bushel average, were there any hailed-out portions in that?—A. No, sir.

Q. They were left out altogether?—A. Yes, they were left out altogether.

Q. Any loss by hail?—A. Yes.

The CHAIRMAN: That is approximately right, because he has charged hail insurance against it.

Mr. SALES: My point is that there were no farms hailed-out in the cases he has spoken of, so it did not reduce the yield per acre. If ten were hailed-out, it would reduce the average per acre. That is the point I would like to make.

By the Chairman:

Q. Your pretension is that this table, if it errs at all, errs in giving too rosy a view to the situation?—A. Well, it would, because the Portage Plains had an extraordinary condition this year. I have four accounts of farms that were absolutely wiped out.

Q. Are you prepared to say this, Mr. Grant, that to the best of your belief you have prepared a table there which shows us an accurate statement of the average cost of raising an acre of wheat in these three districts under observation?—A. Yes, sir.

Q. Have you worked that out to a bushel basis?—A. I have. At Portage it was 1·41; that is the first one. In Deloraine it was 1·07, and in Waskada it was ·92.

By Mr. Sales:

Q. Now, Mr. Grant, I do not want to have anything on the record that can be challenged. The average crop at Portage and the average yield would be better than this 17, would it not?—A. I do not think so.

Q. Is that over a period of years?—A. No, sir, that is last year's average.

Q. Did you investigate the crop yourself?—A. Yes.

Q. In any other years?—A. No, because I was only working on these charges last year.

By Mr. Hammell:

Q. Can you tell us if 17 is more than the average over the number of farmers; I believe it is more, taken over a period of years?—A. For Portage, I would not think so.

By Mr. Robinson:

Q. We can get those figures accurately?—A. Yes. We put these figures in our booklet issued by the Department of Agriculture, but I did not use the average over a number of years, because these charges were for last year; they varied, that is, the average they gave me and the average of the Department, in these particular districts. Just here I would like if I might to draw a conclusion; you will see that we have allowed Interest on Land, Depreciation, Interest on Machinery and Horses, and a Management Charge to these farmers. The farmers out west this year have been meeting certain of their obligations; for instance, in the district of Deloraine they have almost paid off their back taxes. There were taxes in arrear; yet the people will say "If that is true, and there is this interest charge, why are the farmers meeting some of these things?" For this reason; if he is meeting these obligations of his out of the interest on his investment and depreciation, they are the things he should be putting aside.

By Mr. Hammell:

Q. And his own management?—A. Yes. He is paying them out of these things instead of putting aside a surplus for the purchase of certain machinery and putting himself in a better position, raising the standard of living, and developing roads, building schoolhouses, and that sort of thing. I think that is the logical conclusion.

By Mr. Sales:

Q. But as you say, the farmer has no interest on his investment, nothing for his management. He has to reduce his standard of living ten per cent, to do these things?—A. Yes.

By the Chairman:

Q. Actually has he reduced his standard of living; is he not eating as well or dressing as well as he did some ten years ago?—A. Yes; he has reduced his standard of living. I base this upon the survey which I conducted last year in Manitoba.

Q. In many cases he is a settler or the son of a settler who went in and homesteaded there years ago, and although if he went to sell his land it would be worth what you value it at, but as a matter of fact neither he nor his father paid for it except in the hardships they endured in years gone by?—A. That is true, Mr. McMaster. There is this that is true also; take the beginning of the war, when prices were high, those farmers who were settled and who had probably homesteaded their farms, went out and bought another quarter section of land at a high price.

By Mr. Sales:

Q. Why?—A. To increase production.

Q. Not from a patriotic point of view?—A. They were getting money from it too.

By Mr. Hammell:

Q. Do you think it was from a selfish standpoint?—A. I would not say that. I would say it might have been from a business standpoint.

By the Chairman:

Q. Was there not a request from the Government to everybody to urge their farms all they possibly could at that time?—A. Yes. At Portage people came in and bought land at those high prices, and the farmers sold it and they have the land back now. They bought the land at high prices, and some went ahead, built expensive buildings, bought expensive tractors—the International Harvester Company never sold so many; they had all these expenses of production, and they are eating up their profits now. That applies not only to the farmer but to others as well.

By Mr. Sales:

Q. We come back to this point, Mr. Grant, that the man who had his farm, paid for many years ago, and who did not put so much money into it, made his interest and got along; but take the man who is running on borrowed capital, upon which he must pay interest at eight per cent—eight per cent is the prevailing rate, is it not?—A. Yes.

Q. What position does he find himself in?—A. In a tight position.

Q. He is going to the wall to-day?—A. Yes, but here is the point, Mr. Chairman and gentlemen; you take Portage and the people in Waskada, I will say this, that they are better off right now than most of the people in Manitoba, and they were down in that dry belt we were so worried about. During the war they did not have any crop, but they did not buy anything, they did not buy any expensive machinery, or build any new buildings. Some of them have a land charge of $2.06, while others have $15.56; some of them got twenty-five, twenty-six and twenty-seven bushels to the acre, and made a profit.

By Mr. Robinson:

Q. Their production costs were away below what they were in Portage?—A. Yes.

By Mr. Sales:

Q. But imagine what kind of homes they are living in, when the buildings, stables and houses and all the rest of it were valued only at $1,000?—A. Take Portage Plains, they have beautiful farms there, but in the southwest district it is as barren as a billiard table. Their outlook has been just as barren; they have not had money with which to grow trees, they go around in old dilapidated automobiles, while in Portage they go around in good automobiles, Paiges in some instances.

By Mr. Robinson:

Q. While you were out there did you pay any attention to the relative cost of the use of tractors as compared with horses?—A. Yes, I did, but I will not have the results just yet. I was not able to get really a number of farmers to give me those results, because some of them were not using their tractors; they were standing idle.

Q. Why?—A. They were too expensive. It was cheaper to feed oats to horses than to feed gasoline to tractors.

Q. It was cheaper with oats at 15 cents than gas at 50 cents?—A. Certainly.

By Mr. Sales:

Q. Can you blame the farmers for that?—A. No, sir. They thought they were not scientific farmers until they got tractors.

Q. But wasn't it the price of oats?—A. The relation of kerosene to oats decided whether a farmer was going to use his tractor or keep it out in the lot. In North Dakota it is said that it costs twice as much to use gasoline than oats. Of course that is an American report, and I cannot vouch for its accuracy.

By the Chairman:

Q. Are they paying more for their gasoline, or less?—A. They are paying less.

By Mr. Sales:

Q. Can you tell us the difference?—A. Yes. The power cost per crop acre was $2.71, and with horses it was $1.76.

Q. But the price of gasoline in Manitoba and in N. Dakota?—A. I do not know whether I have that or not; I don't think I have that.

Q. Do you know, yourself?—A. No, sir, I do not.

By Mr. Hammell:

Q. What is the price of gasoline in Manitoba to-day?—A. Around 45 cents. They use kerosene, they do not use gasoline.

By Mr. Robinson:

Q. Mr. Grant, there was a statement in your costs regarding seed grain which was rather interesting to me. I noticed that on the poorer land you had a lighter seeding of grain than you had on the richer land?—A. Yes, sir.

Q. Is that general?—A. Yes. You take the rich land, unless you seed heavy you are going to get too rank a growth; you have to have more seed there to absorb the moisture in the richer land; it can hold more. In the light soil, where you have not got the amount of plant food and moisture, you have to seed lighter. It is a question of field husbandry.

Q. The reverse is actually the practice in Ontario?—A. That is not the case in Ontario.

By Mr. Sales:

Q. I am living where my neighbours are seeding four bushels of oats per acre, and I used to live on a farm where I used to sow a bushel and a half. I have only had four-and-a-half years' experience with this locality, and I have not had a year when I did not have a portion of my crop laid down on heavy bottom land.—A. If we would only seed one and a quarter bushels of oats in that low land, we would have it laying down. There are different conditions to meet.

By the Chairman:

Q. Were you brought up on a farm, Mr. Grant?—A. No, sir; I was brought up about seven miles north of Winnipeg, and when I was about twelve years of age I went to live with an uncle on a farm in the Red River Valley, then went out as a team foreman on a 6-section farm in Southern Alberta. From there I went to college, then enlisted, and went back as Assistant Marketing Commis-

sioner in Alberta; I was the Dominion Government representative to the Provincial Co-operative Marketing Organization. I stayed there two years and a half, then went back and finished by college course, when I was manager of the college course.

By Mr. Robinson:

Q. As a result of your experience in farming and with farmers, have you any wish to engage in farming as a business?—A. Right now I do not think a man can go out and buy a farm at the present prices of things and make it go; I know he could not, that is, to go out and buy a farm under present conditions, the amount of money he would have to pay for it, the labour and machinery charges and the like; it is a poor business proposition. If I was one of those unfortunate ones who when their folks quit farming and moved to the city sold their farm not thinking I would want to go farming, I would not do it; if I inherited a farm, it might be a different thing. I think I could make such a farm pay.

By Mr. Sales:

Q. Do you think a man going out to take up land under the Western Colonization Scheme, with a thirty-two-year payment at 6 per cent interest, will have much of a chance?—A. I have been over pretty nearly all of the West, and on some of the land they are thinking of colonizing, I do not think he would have much chance.

By Mr. Robinson:

Q. Is it poor land?—A. I do not want to make any statement here in connection with some of the land that is being opened up for settlement, but I know it, and I know a lot of it has been abandoned.

Q. Purely as a commercial proposition, do you think farming could be made a success in the West?—A. As a commercial proposition right now?

Q. Yes.—A. No.

By the Chairman:

Q. May I ask you this question, Mr. Grant; has farming from the beginning in Canada, as far as your information goes, ever been for any long period of time a business success, on a commercial basis?—A. No, I would not say that it has. I think there is a big change. We have come to a big change in our whole agricultural policy. Every country—it is an economic phrase—goes through a certain period of development and exploitation, then consolidation, and I think we have passed through development and exploitation and are coming to that era where me must consolidate and put farming on a business basis. We have not done that; it has been all a question of production.

By Mr. Hammell:

Q. What do you mean by consolidation?—A. Perhaps I should use the term intensification, that is, in our efforts in the West, instead of going into wheat growing from the standpoint of saying that we will grow wheat and that is all there is to it, we have to put farming on a basis of wheat, cattle and those things that will pay. Right now neither wheat nor cattle is paying.

Q. You mean mixed farming?—A. Yes.

By the Chairman:

Q. Have you any other facts to lay before us before we start to question you, Mr. Grant?—A. Yes.

Q. You may as well sit down.—A. I have to give before the Scientific Club of Manitoba on April 3 a temporary or interim report on my research work. I have prepared a sort of thesis on farm conditions that I will read afterwards, and that will probably answer. It will only take about eight minutes, after I get through with the next statement.

Under pressure of time I was called upon to report here. I did not have an opportunity of getting in all the reports from the farmers I am dealing with, but I wired out to seven of the best farmers, I mean those who are keeping the best records, and who will give me the best information.

Q. The best bookkeepers?—A. That is one way of putting it. I have summarized their financial standing for the year, and I will read it off to you.

Q. Would you say that those seven you are going to give us are fairly typical of the whole?—A. Yes, I would.

By Mr. Sales:

Q. Are they good farmers, average farmers, or better than average farmers? —A. As I go through this list, I had better give a little commentary on the men, and say why I think they succeeded and why they lost, if that would be satisfactory. I am going to give you four farms in Portage Plains.

Q. If your statements are challenged, you can prove them by actual experience?—A. Yes. I have the books in my office. This is a record of a year's business in farming. It is a form we get out in our own Department. Perhaps I had better distribute a few of them among you.

I may say that I surveyed all these farms for the purpose of teaching farm management, that is, afterwards for student purposes they go and analyze these farms and find out the general layout, and see whether there is any improvement to be made in the general layout. Dealing with this farm first, I have 800 acres in a farm, and it has been—

Q. Will you be able to leave them with us?—A. I am afraid I will not, sir.

Q. Can you have blue prints made?—A. I can submit all these to you when I get back.

Q. I think we could have a blue print made in the Department of Public Works?—A. That is what I use them for.

Q. We will call this one Exhibit 19 in the evidence of Mr. Grant.

(Plan of farm marked Exhibit No. 19).

We will have several blueprints struck off. We will call it the farm of Mr. A.—A. His capital investment was $65,960.95.

By Mr. Robinson:

Q. Is that for this last year, Mr. Grant, or what year are you dealing with?—A. I am dealing with last year.

By the Chairman:

Q. The last calendar year, ending December 31, 1922?—A. No, ending last week; from last year at this time until last week, right up to date.

Q. We will call this form Exhibit No. 20.—A. This is just to look at the form of it.

(Form marked Exhibit No. 20).

Q. You are taking up farm "A" here now, are you; can you produce that?—A. Yes.

Q. You have it in your hand?—A. Yes.

Q. We will mark it on the back as Exhibit No. 20. It is a form of farm bookkeeping referred to in farm "A" in Exhibit No. 19.—A. You see, we take the inventory at the beginning of the year and the inventory at the end of the year and then we strike an average. I call that an average capital for the year, because we are taking the interest on that. Now his receipts: Crops, $6,657.48; live stock, $272.50; live stock products, $149.28; miscellaneous, $360.28; increased capital, $39.95. His total receipts were $7,479.49. His expenses—

Q. I think you had better let us know what those were composed of, the receipts.—A. I read off the receipts, what they were composed of, crops, live stock and that, you see. His expenses were, live stock purchased, other care of the farm, purchases which include seeds and everything like that, the total was $3,913.85. Now the farm income is the difference between these two. Don't confuse that with labour income, $3,565.64.

Q. Have you seen the surveys effected by Professor Leitch of Guelph? —A. I have only seen one on milk production.

Q. Is the system you follow in your investigation as to the establishment of labour income and farm income the same as he followed?—A. Just from what I read in the report, from what I could get in a quick glance, I would say no. I will develop that in the next point. I take interest on his average capital at 6 per cent, $3,957.65. The total investment is $65,941. He had unpaid family labour, two boys. I allowed $350 for the two boys. His labour income was minus, $742.01. The labour income, as I figured it out, which I think from what I understand, talking to Mr. Milne, we took the labour income after his interest on his average investment. That is labour income. It is not before. Labour income is after he has taken his average investment. To figure out the rate of interest earned on his investment, you take the farm income, which is receipts minus expenses, that is $3,565.64; and you add to that his unpaid family labour and the labour for himself, which we figured is $1,350, and that gives a net farm income of $2,215.64 for investment, at 3·3 per cent. I figured the labour at $1,000 a year, just the same as I did in this.

By Mr. Sales:

Q. Now, the boys?—A. I gave the boys $350 for a year.

Q. Each.—A. For the two of them.

Q. $175 each?—A. Yes.

Q. And their board?—A. Yes.

Q. How old were the boys?—A. One of the boys was 15 and the other 18. They were going to school but working in the summer months.

Q. Going to college in the winter?—A. Yes.

Q. That is they worked 7 months.?—A. One of them would not work that much. He was going to the public school. He would work during the two months in the summer and on Saturdays.

Q. But the other, seven months?—A. I just asked Mr. Hyde what he figured the boys were worth.

Q. I just asked for farmer A.

By Mr. Elliott:

Q. You are saying this farm was capitalized at $65,000.—A. Yes.

Q. How many acres in that farm?—A. 800 acres.

Q. That would be about how much per acre?—A. He has 800 acres. It is probably one of the finest farms in the district and he has excellent machinery, and he values it at $60 an acre. $50,000 for land; $10,825 for machinery; value of all stock, $38,052; value of hay and feed, $1,164. It would be too long to go through all the details.

Q. It might be worth your while to go through one of them in valuing your inventory.—A. The value of the farm at the beginning or the land and buildings is $50,000. That is what he valued it at. Value of machinery and wagons at the beginning, $10,825.

By Mr. Elliott:

Q. Do you know the assessed value of that farm for municipal purposes? —A. No, I do not know it offhand.

By Mr. McKay:

Q. What basis of assessment do they adopt there?—A. I do not know that offhand.

By Mr. Gardiner:

Q. The basis of the assessment is on the raw value of the land?—A. Yes.

Mr. McKay: You mean raw land or tilled land.

By Mr. Gardiner:

Mr. Gardiner: Raw land. Out in the west, as far as I know in the three prairie provinces the valuation is based on the unimproved value of the land.

By Mr. Elliott:

Q. You would not regard his farm as being over-capitalized, would you? —A. Mr. Hyde's farm?

Q. Yes.—A. Well he has been there a long time and he has improved that farm. It is an exceptional farm. He has lovely buildings on it and he has made money in the past, and it is an exceptional farm in that respect, in that he has added a lot to it, which really does not add to its value as a producing unit.

Q. Does he place a money value on the surroundings and the associations? —A. Yes, he places that, just a certain amount on that. It is a very fine farm, just the same as you would place a value on a house in that connection.

By Mr. Sales:

Q. It that far from the railway station?—A. He has a railroad siding right on his farm. This is his inventory valuation.

Q. You had got down to machinery.—A. The value of all stock in the beginning of the year was $33,252. The value of hay and feed at the beginning of the year, $1,864, and we take the same things on the other side here and we take the average inventory and work out the interest on that.

Q. Now the next farm is—we will call it—

By Mr. Sales:

Q. Did we arrive at a definite conclusion as to the income there?—A. As far as his labour income was concerned, he was minus, $742.

By the Chairman:

Q. In other words, after you had charged 6 per cent against his investment, there was nothing left to compensate him for labour?—A. No.

By Mr. Sales:

Q. He was $742 in the hole?—A. In the hole.

By the Chairman:

Q. As a matter of fact could he borrow at 6 per cent on the security of that farm?—A. Oh, no.

Q. What would he have to pay?—A. He would have to pay 8 per cent.

Q. Now go on with the next point. Forgive us for interrupting you so often? —A. Not at all. The next farm is right close to this one.

Q. Which we will call farm B. Produce that as Exhibit No. 21 with the evidence of Mr. Grant. You are now referring, are you not, to the farm record in connection with this farm?—A. Exactly.

Q. Which we will produce as No. 22 with your evidence. We will refer to this as farm B, and we will refer to the owner as farmer B.—A. His average capital, $34,047.80. His crop receipts and other receipts were $7,239.63. His total expenses were $3,863.99.

Q. His total expenses for running the farm?—A. That is right. The farm income from capital and labour was $3,375.64. That is receipts less expenses.

Q. Amounted to how much?—A. $3,375.64. Interest on average capital at 6 per cent $2,402.86. The labour income and the profit was $1,332.78, which shows that he earned a rate of interest of 6·9 per cent.

Q. Or if you give him 6 per cent, it allowed him as labour income what? —A. His labour income, $1,332.78.

By Mr. Sales:

Q. After paying interest?—A. That is paying his interest.

Q. Have you charged against the farm $1,000 for himself?—A. You do that when we take the interest earned. The interest earned you charge $1,000 and you have 6·9 per cent. That is what we call the net farm income. That was 6·9 per cent.

Q. In other words after he finished his year's operation he had earned 6 per cent on his capital invested and had realized an income from his labour amounting to what?—A. 6·9 per cent.

Q. In dollars and cents.—A. $3,375.64.

Q. No, that is not it. The difference between what came in and what went out in the operation of his farm was how much?—A. $3,375.64.

Q. That created a fund sufficient to pay interest at 6 per cent on the value of the farm, which would amount to how much?—A. $2,042.

Q. And give him over and above that how much for his own labour?—A. $1,332.78.

Q. I think that is the simplest way to estimate.

Q. What was the difference between the first farmer who lost money, and this man who apparently made $721, for his work?—A. If you will let me give you one more farm—I have prepared a sort of little analysis of those three.

By the Chairman:

Q. Pick out among your sketches what you are going to deal with now. We will call this farm C and it is Exhibit 23.—A. Yes.

Q. We will refer to this exhibit 23 as farm C and we will refer to the farmer as farmer C, and the witness has in his hand as exhibit No. 24, the farm record in relation to this farm C.—A. His average capital was $22,639.90. His receipts were $2,882.86. His expenses were $2,979.15. Of course there is no farm income. The interest on average capital, at 6 per cent, is $1,358.40. Labour income is nil.

Q. What do you say the farm brought in gross?—A. $2,882.80. His disbursements were $2,979.15.

Q. He neither made interest on his capital or anything for himself?—A. Not only that but he had about $30 a month coming in from live stock products too. He had $483.11 from dairy products during the year.

Q. This man is a mixed farmer?—A. He had 4 cows and some chickens.

Q. Should not that $30 go to farm income?—A. I should say no.

Q. That is not over and above the previous amount?—A. He has lost $1,454.69, or he lost 6.4 per cent on his investment. If we take the last 3 farms—I just tried to strike a little comparison coming down on the train. You can see, $64,000, $35,000 and $22,000. Acreages 480, 400 and 320; crop, 624, 170 and 179; percentage in crop for A, 73; B, 77 and C, 66. He had, as you see quite a lot of summer fallow. He only had fifty-six per cent of his farm in crop. The yield of wheat from A was 20 bushels per acre; B 29; and C 18 bushels per acre. Oats for A was 60 bushels; for B, 36 bushels and for C 40 bushels. Barley for A, 24½ bushels; B, 20½ and C, 36. In the first place A had to overcome a large capital investment. He had only 20 bushels to the acre in comparison to the farm that made on his investment 29 bushels of wheat, but A's crop of oats was one of the finest crops I have seen this year, 60 bushels; but the outstanding thing about C is that he only had 56 per cent in crop this year.

By Mr. Sales:

Q. That is, he summer fallowed quite a piece?—A. Yes.

Q. Which would show the next year?—A. Yes. B had an income of $849.70, made up of $65.00 for road work. He sold a cutting box for $35.00 and he sold an old engine for $333.00.

The CHAIRMAN: That is the way the British government established a surplus, by selling a lot of war stuff and putting it into revenue.—A. That balances with his inventory. You have to include that of course because it is outside of his farm operation, but it has to be included in his cash expenses and cash receipts, which it is not.

Q. It is a cash receipt but it is not a revenue receipt. It is a disposal of some of the capital?—A. That comes in under average inventory, you see. His inventory at the beginning of the year and the inventory at the end of the year from his farm, you have to show that somewhere.

Q. The fault I would find with that demonstration of farm operation, if you sell farm machinery and regard that as a mere farm receipt, you are not giving a proper demonstration of the situation of the farm any more than if I, in my law business, sold part of my law library and said "That is part of my yearly revenue." It seems to me I would follow the same error as you follow.—A. I make it clear in this report what those are.

Q. We are getting a conclusion. You have not only made these book-keeping entries but you have drawn a conclusion from them, and one of the conclusions is I think in respect to the document you hold in your hand. Farmer B made something this year, made interest on his investment and a certain profit for himself. Now if that profit for himself was realized by the disposal of some of the farm implements, it would hardly seem to me to be a fair conclusion to draw.—A. I agree with you there. That is what we call an indirect receipt, but you have to take a record of it somewhere.

Q. Oh yes, you have to take it somewhere. If you have a term of years in which to arrive at profit, you charge all the purchases of farm implements to ordinary revenue accounts and then you can give credit for the sale of farm implements to revenue account. If you do that you would be right, but I hardly think you arrive at a just conclusion, if, in order to find out what the man has made during the year, you credit to farm proceeds all sales of farm implements.

By Mr. Gardiner:

Q. In that case, at the end of the year in taking his inventory he would show there was a depreciation to that extent—in his capital account?—A. Yes.

By the Chairman:

Q. Would you reduce the operation of the year by the reduction in the capital account?—A. Yes. It is reduced in his capital at the end of the year.

Q. Well then it is taken off?—A. Yes, first it comes off his inventory. It is just to show, you see.

By Mr. Sales:

Q. The only point is, is it included in the $3,375, shown as farm revenue for the year?—A. I know what you mean. No, it is not.

Q. It is not included in that?—A. No.

By Mr. Hammell:

Q. In the capital of these farms do you take the selling value of them or just what these gentlemen paid for these farms?—A. No, we take the value of the machine as it stands there, when I take over the accounts. If it is an old thing worth $30.00, we take that at the prime value then. Every time I have an account made I take it off.

Q. Is that the selling value of the land?—A. We try to arrive at it from that point. It is pretty difficult to arrive at a selling value when there is not much sale. We always say to them "What do you think you could part with this land for?"

Q. What a fellow would part with his land for is not fair always. What would a forced sale bring?—A. It is pretty difficult to get a forced sale when there is not much land changing hands now.

By the Chairman:

Q. This is constantly coming up when people are protesting against their valuation for taxation purposes, and you will find all sorts of different opinions as to the value of land. The courts in our province have laid down that it is the principle, which a man is willing to sell at, but not to sacrifice, what he is likely to get from a man who wants to buy but for whom this property is not essential. Do you think that the properties or properties of this nature in that locality of approximately the same value could be purchased for the price that you put on these farms?—A. I consider Mr. Hyde's value of $60 an acre fair. It is rather difficult for me to come in to this man and say "we might—"

Mr. SALES: I would say that these farms are as level as possible,—there is not a stone on them; there is not a tree scarcely; there is not anything in western Canada which can beat them as far as production in general year by year is concerned.

The CHAIRMAN: They are very dirty, are they not?

Mr. SALES: Yes, they got dirty lately, but just the same they grow magnificent crops.

Mr. MILNE: I do not live in that Portage County, but I tell anybody visiting in that part of the country, that it is the best land in Western Canada—it is exceptionally good.

Mr. SALES: I would think a farm at $60—every bit of it could be made at a fair value.

Mr. MILNE: There is practically not a break in it, just like this table here, every foot of it.

The CHAIRMAN: Will you continue now, Mr. Grant.

The WITNESS: Now we will go down to the southwest—

Mr. SALES: I thought you were going to describe this farm. There is one point I want to make. In looking over the plan of this farm here—we hear so

much about a man's knowledge of wheat and wheat lands—I find that this man has 82 acres of fall rye in one field, 82 acres of fallow in another; he has 157 acres of wheat in one piece and 68 acres of barley—

Mr. HAMMELL: That is what we call farm land.

Mr. SALES: No, listen. Another field of wheat. A field of sweet clover, another field of barley, another field of fall rye, and a field of oats. Now, I find that he has considerable stock?—A. I will tell you, just what stock he has. I have it here. He has one cow, two heifers two years old, one heifer yearling, one calf, two steers yearling, twelve horses, two colts three year old; one colt two year old, one colt yearling, one brood sow; twenty-five chickens, and one turkey.

Mr. HAMMELL: He is not a mixed farmer.

By Mr. Sales:

Q. We were discussing the question of the—

The WITNESS: The diversification. He had stock, as I said before, one cow, two heifers two year old, one heifer yearling, one calf, two steers yearling, 12 horses—those are not really stock, that is work—two colts three years old, one colt two years old, one colt yearling, one brood sow, twenty-five chickens, and one turkey.

By Mr. Sales:

Q. Are any of those mixed farms?—A. I would not consider them mixed farms.

Q. They are purely given over to the growing of wheat?—A. Yes.

Q. And the stock which he has there—A. He is doing that for food for his family, cream, and a little side income. He keeps this stock for the farm.

Now, we will turn to a couple of records from the southwestern area.

By the Chairman:

Q. You are producing now farm D?—A. Yes.

Q. That is No. 25?—A. Yes, and the record will be No. 26.

Q. By the way where did your forebears come from—Ontario?—A. Bruce County—not Ontario; Bruce County. Scotland before that. If you will look at that map which you have there you will see this is rather a peculiar farm, and the success of this farm is attributed more to personality than to anything else. If you will pardon just a little social history in connection with this farm, I will say that during drought years this gentleman bought all his goods, groceries and the like, from his storekeeper in a nearby town. He had a family of ten children, he has eleven now.

Mr. HAMMELL: And still going strong.

The WITNESS: At the end of the year, when they struck a balance with this grocer for dairy produce, and eggs, and so forth, he owed him money.

The CHAIRMAN: The storekeeper owed him money?

The WITNESS: Yes.

By the Chairman:

Q. Even in the drought?—A. Yes. He owns a quarter-section and has some land about six miles away for pasture land, and he rents a section—one-third crop. Now, he does not have the overhead to pay on this section, or the taxes, so bear that in mind while I am reading off his capital investment. His total investment is $15,589.50, and the average for the year was $16,700.00. His

receipts were $10,626.92; his expenses were $6,323.37. The farm income from his total farm operations was $4,303.55; allowing him interest on this investment at 6 per cent, there is a charge of $9,351.34. He had three small lads who worked in the summer holidays, stayed home from school a little, and hauled grain during the harvest, and so on. He figured on giving them $200. It was not all-time labour.

By Mr. Hammell:

Q. $200 a piece?—A. No, $200.

By Mr. Sales:

Q. What are their ages, Mr. Grant?—A. Eleven, fourteen and sixteen, but they were teaming wheat and helping a good deal.

Q. And staying home a pretty good part of the time in the rush season?—A. They could stay from school, because there were only nine children going to school, and seven of them were his. I told Mr. Fletcher he had better move the school house down to his house.

Mr. SALES: Don't mention any names.

The WITNESS: Mr. Fletcher is the Colonization Officer out there.

Here is the labour income, $3,168.18.

By the Chairman:

Q. After he—.—A. After deducting his interest on his investment, and his expenses. Now, allowing him $1,000, and $200 for the boys, which is $1,200, that gives a net farm income of $3,103.75, which is earning him 18.5 per cent on his investment.

Q. Is that an extraordinary man, or has he an extraordinary wife?—A. He has both, he is an extraordinary man, and he has an extraordinary wife. Not only that, but I shall analyse this a little farther—.

By Mr. Hammell:

Q. What nationality is he, Irish or Scotch?—A. I will mention his name, Ainsworth. I think he is English. He had a threshing outfit, and he threshes around the district, does most of the threshing, he had an income from that—.

By Mr. Elliott:

Q. Over and above this?—A. No, this is included in that. I will analyse this $3,904.81.

By Mr. Sales:

Q. His income?—A. Yes, his income from threshing.

Mr. SALES: It would have paid him better to be a thresher man and let the farm alone at that rate.

By Mr. Gardiner:

Q. Is that over and above his expenditures and costs?

By Mr. Hammell:

Q. Above the disbursements—that income from threshing?—A. No, it was his gross income on threshing.

By Mr. Milne:

Q. What was the expenditures from that?—A. I have not got that. Oh, I have it, but I mean that it was one of the last ones that came in just before I left and I had to copy it hurriedly. I could send you that. I have not got it exactly. I have the total expenses, you see.

By the Chairman:

Q. Would you call this man a typical farmer?—A. I would call this man the best farmer in that district.

By Mr. Elliott:

Q. Not a typical farmer?—A. No.

By Mr. McKay:

Q. He is a super-man?—A. Yes. He has an extraordinary wife. He has a large family which does a lot of labour. I will analyze that later on when we get more complete records, to show how that goes into it. Not only that, but he did not have the interest charges on that section of land. He rented it, he supplied the labour, and got one-third of the crop. The houses were there, and he got one-third of the crop.

By Mr. Sales:

Q. How much crop did this man put in?—A. You have it analyzed there, have you not?

By Mr. McKay:

Q. How much did you allow this fellow for brain work?—A. Just the same, $1,000.

By Mr. Sales:

Q. Does this show how much he has under cultivation? It shows, "Field, field, field."—A. Is it not analyzed there?

Q. No.—A. He has one man. I could give you that off hand.

(A discussion between the Witness and Mr. Sales off the record).

By Mr. Milne:

Q. Did this man keep any stock?—A. Yes.

Mr. SALES: Well, Mr. Chairman, he has 520 acres perfectly clear, under cultivation, worked by himself and one man. I am beginning to think those three small boys played a large part in it.

Mr. ELLIOTT: And his wife.

By Mr. Sales:

Q. Has he got any girls? Do they work in the fields—A. They milk the cows night and morning. I have the figures, and I intend to analyze that.

The CHAIRMAN: May I make a suggestion? We have sat here for more than two hours this morning, and sat for two hours this afternoon, and I do not think that we have nearly finished with Mr. Grant's evidence, which I think we are all finding very interesting. My suggestion would be that we adjourn and meet again to-morrow morning at half-past ten.

By Mr. Sales:

Q. Do your statements go into his dairy products, his beef products, or pork, or have you analyzed that?—A. I will. I could tell you roughly to-morrow morning. I will have that in about three months. I have not it now, but I could get it. I could only get his financial statement for you, in the week's time which you gave me.

Witness retired.

[Mr. H. C. Grant.]

The CHAIRMAN: Before we adjourn, let me read the following telegram which I received from Mr. Thomas Robb this morning. Mr. Robb is secretary of the Shipping Federation, and I communicated with him by telephone this morning. He replied as follows:

"Referring your telephone message have discussed situation with Donald Munro, 401 Board of Trade, who is in position to secure space and make all shipping arrangements from start to finish. Would recommend your friends getting in touch with him giving number of head and when available for shipment. At present no space available until opening navigation Montreal. Important prompt action. Old Country buyers in market and have already booked considerable space for May shipments.

Thos. Robb."

The Committee adjourned until Wednesday, March 28, at 11 a.m.

HOUSE OF COMMONS,
COMMITTEE ROOM 268,
WEDNESDAY, March 28,1923.

The Special Committee appointed to enquire into Agricultural conditions throughout Canada met at 11 o'clock a.m., the Chairman, Mr. McMaster, presiding.

The CHAIRMAN: I wish to lay before the Committee a letter which I have received from Mr. Donald Munro, Live Stock Export Agent, Montreal, who writes me as follows under yesterday's date:

"Montreal, March 27th, 1923.

A. R. MacMaster, Esq., K.C., M.P.,
House of Commons,
Ottawa.

Dear Sir,—

Mr. Robb, manager of the Shipping Federation, interviewed me this morning in connection with a telephone message which he received from you regarding the shipment of some cattle by the Alberta Government.

I will be very pleased to have full details of the number of cattle for which space is required, and when they will be available for shipment. Incidentally I may mention that there is no space available until the opening of navigation from Montreal.

There has been quite a flurry in the market during the past few days, and a considerable part of the May space has been taken by old country buyers, at 22.50 and I understand that as high as 25 dollars has been offered for some of the earlier boats by these people.

In order to give you some idea of the requirements of the Scottish markets I take the liberty of sending you a booklet issued by one of the old country firms which I represent, the booklet contains a lot of very valuable, and reliable information regarding the Scottish markets, and the classes of cattle best suited for them. And, as you are Chairman of the Committee inquiring into Agricultural matters, you may find some information that will be of value to the farmers of Canada.

Incidentally I may mention that the Ontario Government asked for 1,000 copies for distribution from their special Live stock train now touring the Province of Ontario.

Should the Alberta Government communicate with me for space, I will give their order my best attention, and am in a position to handle their business from start to finish.

I remain,

Yours very truly,

DONALD MUNRO.
(Sgd.) D.M."

I will hand this letter to Mr. Gardiner. We will now proceed with the witness, Mr. Grant. My suggestion is this morning that Mr. Grant finish his statement, and that Mr. Milne ask him whatever questions suggest themselves to him, as he is from the same province.

H. C. GRANT recalled.

WITNESS: I would like to refer to the last point which we took up yesterday in connection with farm "D." You remember that I showed you he had made 18·5 per cent on his investment, and I also pointed out that he was renting a section of land and only owned a quarter. Now, if he had owned that section of land, paid the taxes and the interest, that would have given him a charge of $1,030. Out of those receipts which I showed you yesterday, he had approximately $4,000, which he received from threshing operations; that is, outside of his farming operations. Now, his farm income was $4,303; that is, where we get our 18 per cent. I will leave you to figure it out.

By the Chairman:

Q. Do not leave us to figure out anything; give us the whole thing.—A. If he had $4,303, which gave him 18 per cent interest, and he was farming that much land under ordinary conditions, that is as owner and not as tenant, and had to pay his taxes and interest and had not made and money out of extra labour, that is out of threshing, his farm income would practically have been nil.

By Mr. Elliott:

Q. You say that this man rented a quarter section of land?—A. Yes.

Q. Do you know what rent he would pay for it?—A. On crop shares, one-third.

Q. Your contention is that if he had owned that land his net revenue would have been reduced?—A. Yes, exactly.

Q. Then it is not profitable to own land?—A. It probably is not. Mr. Hainsworth has asked me for advice as to whether he should buy that section this year, and I will tell him no, that it is better to get on under the present arrangement.

The CHAIRMAN: I would suggest that we let Mr. Grant finish his statement, and then question him.

WITNESS: I would like to take up another farm.

Plan of Farm "E" filed as Exhibit 27. Records of "E" farm filed as Exhibit 28.

By Mr. McKay:

Q. Will there be any difference in this farm, there seems to be a uniformity in all these farms?—A. This is the last farm I have.

Q. Is there anything particular with regard to it?—A. Yes. It is a farm which I consider one of the best mixed farms in that district. This man is actually trying to start mixed farming, and I would like to give the results.

Q. You are reported in the press this morning, as practically saying that all of that western country is useless, that farming is not paying. That is the report we get in the Citizen. Your evidence along that line is putting a very black cloud over the western country. You are practically obliterating the whole of the people of that country, and leaving it to the Hudson Bay Company to be supreme. Personally, I do not like to see this report going out?—A. I was asked yesterday, if I considered farming to-day a good business proposition, and I am not going to deny my statement either.

Mr. MILNE: Do you think, Dr. McKay, that it is wise to keep it under our hat, if what he says is true?

Mr. MCKAY: No, but Mr. Grant made the statements that farming is not paying. Now, if there is no remedy—he does not say that there is any remedy.

Mr. MILNE: We are coming to that.

The CHAIRMAN: Let me just say this, that it would be very unfair to judge of a witness or of what he says, by the headlines in a newspaper. Journalism always picks upon the most striking and the most picturesque way of putting things.

Mr. MCKAY: Will you allow me to read this? (Reads):

"Claims Farming cannot be made to Pay in West.

'Do you think that as a commercial proposition, farming can be made a success in the west?' asked Mr. Elliott, Progressive of Waterloo, in the special committee on agriculture yesterday afternoon.

'No,' replied the witness, Harry Grant, Hudson Bay official of Winnipeg, who has been making a special study of farm accounts.

'Has farming been a success on that basis for any long period in the history of Canada?' asked A. R. McMaster, chairman of the committee. To this question too the witness replied in the negative.

'Do you think the men who take up land under the Canada Colonization Association will have a good chance?' asked Thomas Sales, Progressive, Saltcoats.

'I don't think they will have very much chance,' was the answer."

WITNESS: Under present conditions, I answer "yes."

Mr. ELLIOTT: I think this evidence is absolutely in line with what we have been getting, and therefore is absolutely correct.

Mr. MILNE: Will you read what professor Leitch said?

Mr. MCKAY: It is along the same lines, I admit all that.

By Mr. Robinson:

Q. What do you mean by under present conditions?—A. If you will allow me to complete my statement as to this farm, I will give you a brief synopsis of what I consider present conditions in the west. I have it here.

The CHAIRMAN: The Chairman wishes that the witness be allowed to continue his statement, and the Chairman also wishes that anybody who desires to ask him questions should ask him the questions that occur to him.

WITNESS: This mixed farm, the average capital investment was $17,219.53. His receipts from crops were $1,878.97. Receipts from live stock $1,309.15. Receipts from live stock products $295.30. Miscellaneous receipts $366.50. His total receipts were $3,849.92. Live stock purchased $200. Other cash farm expenses $2,272.52. Decrease of capital $1,930.50. Total expenses $4,493.03. So the farm income for a year's business shows a loss of $553.11. Now, if we

allow him interest on his investment it shows that his labour income is nil, and that the loss on his business for the year is 3·2 per cent. In other words, he neither was paid for his labour, nor received interest on his investment, and besides it cost $533.11 last year. This farmer has a small herd of pure-bred Ayrshire cattle. He has a silo; he has a nucleus of pure-bred Clydesdales, and his farm plan will show that he is growing corn, for silage, and rye, and that altogether it is what we would call in that district a very fine mixed farm. Now these are the returns from this farm, and they are indicative of a man's attempt to introduce mixed farming in this district. I should say that during the year, farmer E had his herd inspected by the Dominion Government for tuberculosis, and a number of his cattle re-acted, and were slaughtered. That accounts to a certain extent for the decrease in his capital. But the Government, of course, recompensed him to a certain percentage on that. I understand it is 75 or 80 per cent on pure-bred stock. So that accounts for some of his loss, but not all of it.

By Mr. Milne:

Q. What part of the province is this farm located in?—A. South of Delorraine, on the edge of the mountain. That is the last farm I have brought with me. I may say that in regard to two of the farms that I surveyed this year, I stopped keeping accounts this fall, because the results would have been so disastrous; they have practically been wiped out by the hail. There is one other farm on the Portage plain; he was a renter, a young man who had every possibility. He had had two years at our college, two years' experience in southern Alberta. He has now a very important position on one of the agricultural papers as live stock editor. He tried farming under the renting system last year, and went under. Another farm in the south—the farmer gave up because he could not make it go. So I did not use his record. He sold out this fall. He had been there for fifteen or eighteen years.

Q. Did he rent his farm?—A. The last one? No, he was owner.

By Mr. Elliott:

Q. By renting, you mean crop shares?—A. Yes, crop shares.

The CHAIRMAN: Before Mr. Grant goes on to another phase of his evidence, I think perhaps we had better question him a little. What do you think Mr. Milne?

By Mr. Sales:

Q. Tell about the man who was there 15 or 18 years? Was he a good farmer? Did he understand his business?—A. Yes.

Q. Did he have cheap land in the beginning?—A. Yes.

The CHAIRMAN: It is very hard for the stenographer to take it if you start asking him a question and piling on another question before he has a chance to answer.

By Mr. Sales:

Q. I want to know the conditions.—A. This farmer is considered quite an old established farmer in the district, and he has a very nice farm there but he is getting on fairly well in years at the present time, however. He has two small children of about 12 or 14 years of age, who have not been able to give him a great deal of assistance on the farm. The last four years in that district have been rather disastrous; and he said to me, "I have got so far in debt that I see nothing for my boy in taking over the farm, so I am going to sell out and take him to the city to give him a chance."

Q. Was he affected by the cost of land, bought during the period of high prices?—A. No. He could not make it go, having to pay for the labour he has to hire, so he said to me he found it impossible to carry it on.

Q. Did he give any idea as to the causes of failure or lack of success in the last four years?—A. No, he did not, except that he himself touched on the crop failures that have taken place in that district for the last four years, accompanied by the high prices that he paid for everything he bought. He talked about that as they all do in the west.

Q. Don't you think that is one of the chief factors?—A. Yes.

Q. That if a farmer is to succeed in the West, the things he buys, which enter into his cost of production must come down?—A. Absolutely. I have some general figures on that in that article, if you wish to read them.

By Mr. Milne:

Q. How are these farms selected?—A. At Portage the municipal council have been asking for a number of years to have the agricultural college do work of this kind. No work was available, nor were the funds available until the Hudson's Bay Company gave me a grant for this. I would further elaborate on that. We had a meeting at Portage, called by the municipal councillors, to which 50 or 60 farmers came and we stated how many farms we could take and ask the farmers how many would co-operate in the work.

By Mr. Hammell:

Q. Voluntary?—A. Yes, and we went to Deloraine and asked the district representative to take us around to some of the farmers, who we would talk to, and asked if they would co-operate in giving us these figures.

By the Chairman:

Q. Is that the district representative of the Dominion Government?—A. Yes.

Q. The agricultural representative?—A. What you call the agricultural representative in this country.

By Mr. Robinson:

Q. This farm E, how long had the man been farming?—A. 12 years.

Q. Has he been making a loss right straight along at the rate of $553 a year?—A. As far back as his early history is concerned I could not say. I know that he has during the last 3 or 4 years.

Q. What I am asking is, he does all this to keep him going against loss. Any business man that made a loss continually for a number of years would be out of business?—A. You must remember that he is getting a living off his farm. He is living on the farm. He gets eggs and butter and things of that kind and he is also being carried by the Bank, and he said he would not be able to pay anything on the notes for 3 years, the machinery notes held against him.

Q. His living on the farm,—do you make any account of that in your record?—A. Not on this farm, actual cash analysis.

By Mr. McKay:

Q. You said the last 4 years were lean years?—A. Yes, they were lean years in that district.

By Mr. Robinson:

Q. What was the crop failure due to?—A. Drought in a general way, that is the high temperature and drought in that district.

Q. Is that district supposed to be the best farming district in that portion of Manitoba or the worst.—A. The south country is supposed to be our worst in the last 5 or 6 years, although in the early days it was one of the best.

Q. This district you are speaking of is the worst?—A. Yes.

Q. About the 50 or 60 farmers that came in, how did they come? On invitation?—A. Yes.

Q. That is you invited them?—A. Not personally. A general notice was published in the paper through the U. F. M.

Q. For any farmer that had experienced failure or what?—A. No, any farmer at all; they met us at Portage, the chairman of the U. F. M. We went there. He said to me, "I have tried to keep out of this meeting any who had Bolshevik tendencies, those who were too rabid, who wanted to raise the price of land and things like that."

By Mr. Milne:

Q. You are satisfied those are typical farms, that there was no attempt to show the black side or the bright side?—A. The attempt was the reverse.

Q. To show the better side?

By Mr. McKay:

Q. How many years can you report back on?—A. Just one year.

Q. Now, you must admit that you have taken observations during the best time?—A. Absolutely.

Q. The best time?—A. Well, the conditions are indicative of that period. I am not making any statement of the comprehensiveness of these figures.

Q. Your investigation was over the best period?—A. Yes.

By Mr. Sales:

Q. This year your observations extend over the largest crop year in the history of the west, except probably 1915?—A. Yes.

By Mr. McKay:

Q. Not for that area. That was a dry area.—A. It is the largest crop they have had down there for 5 or 6 years.

By Mr. Robinson:

Q. You would not think it was a good place for men to go farming, would you?—A. No.

Q. How is it, with all the land to spare, these men will farm in a place where they cannot farm?—A. They have been there for 5 or 6 years and that was considered one of the best farming districts in Canada.

Q. From your knowledge of this place in 3 or 4 years would you draw the sweeping conclusion that the farmers all over the West were negative?—A. I am not referring to that at all. The question asked me was, under present condition, considering farming in the West last year, as a business proposition, is it paying. That was the statement made to me. You asked me the question as to the character of the business and the degree of success on the last year's business, the farmers make the statement that it did not pay.

Q. The banks carry these men 3 years without making any payments?—A. They could not do anything else.

By Mr. Sutherland:

Q. To what do you attribute the change in condition? Fifteen years ago it was considered a good section of the country. To what do you attribute the changed conditions?—A. We conducted a survey to try to come to some

conclusion in that regard and there are probably two or three conclusions to come to. One is their farming methods, the continual one crop system.

By Mr. Robinson:

Q. Their haphazard method of farming?—A. I am not going to call it haphazard. That is the development of any country where they farm, the same as in Iowa and Kansas.

Q. The one crop system of farming would deplete to a certain extent, that is it reduces its fibre contents and it dries.—A. In the last 5 years we have had very high temperature and coupled with that lack of rain fall.

Q. Owing to that farmer E has endeavoured to raise mixed farming, going into stock raising?—A. Yes, and as he is getting his farm changed about, he meets with a depression in the sale of live stock.

By Mr. Sutherland:

Q. He is the owner of the farm?—A. Yes.

Q. Has he got a herd as large as the farm will carry or is he building up his herd? Did farmer E consider he was having heavier losses in connection with grain growing than he was in the live stock branch?—A. He had no record at all. He never kept farm records. He did not know.

Q. You said he lost a good number of his herd in making the T.B. test? —A. Yes.

Q. Did he consider he got reasonable value for those?—A. Compensation, yes he did.

Q. Probably more than they were worth?—A. No. They were pure bred Ayrshires.

By Mr. Sales:

Q. What kind of cattle did he keep?—A. Ayrshires. I will read an analysis of his live stock: He had 6 cows, 6 heifers, 2 year olds; 3 yearling heifers; 4 calves; 2 steers and a pure bred bull; 9 work horses, the quality rising, two, which were pure bred, valued at $250. Then he had 3 yearling colts; 30 sheep; 1 brood sow; 30 chickens. He cleaned up practically all the prizes at Deloraine fair with this herd, which shows he had good stock. He is also president of the Ayrshire Breeders' Association for Manitoba. He sold one of his cows to the Morden Experimental Farm. Now his total live stock products, etc., sold, that is, taking in of course what he lost under the T.B. test was $4,702.75, and his expenses, $4,369; so he made $333.75 on his live stock. Most of that was for instance in his lambing. He did not sell any last year. It was just an increase in his flock, and there is an increase in his colts, the value of them rising on this year's inventory. He did not sell very much last year but he had an increase in the value of his herd. His herd was increased in value.

By Mr. Elliott:

Q. Did you place a valuation on that increase?—A. I did it on what I considered the value, based on one or two he had sold, for instance to the Dominion Experimental Farm and other breeders in the province.

By Mr. Sutherland:

Q. Was he selling milk, butter or cheese?—A. He sold cream.

By Mr. Sales:

Q. Can you tell us what he received for that?—A. The cream, $274.30.

Q. You have no idea what it costs to produce that,, whether it shows a profit on the production of cream?—A. I have not those figures yet.

Q. You have not analyzed the labour cost of producing cream?—A. No.

By Mr. Sutherland:

Q. Was the cream sent to the creamery?—A. Yes, it was sent to the creamery.

By Mr. Munro:

Q. What would you figure the value of that farm per acre was?—A. He has 346 acres, and we valued it at $12,127.50. Does that answer your statement, Mr. Sales?

Q. How are the taxes in that locality?—A. Does that answer your statement as to the diversification of his farm?

Mr. SALES: I was trying to figure up how much the valuation was here. About $35 an acre?—A. Approximately that, I should imagine. In answer to your question, his tax is fixed for the year. It is $95.42.

By Mr. Munro:

Q. On the value of the acreage?—A. Yes. Interest on the mortage, $667.

By Mr. Hammell:

Q. How much per acre was it taxed?—A. That is the total tax, $95.42. The average for that district is around $40.

By Mr. Sales:

Q. These 6 cows are Ayrshire cows?—A. Yes.

Q. Have you got any record of how much he consumed at home? $274 does not look to be a very big return because Mr. Motherwell states he could get $300 from one company, although I rather doubt it.—A. These cows were slaughtered, you see; I have four or five of them, about the last of June or early in July.

Q. The $270 would only be for the production over a certain period?—A. Only over a certain period; it is not a business for the year.

Mr. STANSELL: In connection with that kind of farming, with which I am familiar to some extent, I think it would be difficult to tell what it would cost a man to produce cream and milk, because he would not have a set of books kept accurately enough. In the production of pure bred cattle, possibly the most important consideration is the production and growth of the young stock, because they have a value that can be measured in the production of milk and cream. Of course that is almost a side line in that particular branch of farming. A man has milk left over for his calves, and if he has calves from common stock, he does not keep them on milk as long; he keeps the others considerably longer, and it will be almost impossible for him to show a fair return from say these six cows. It would be almost impossible for a man to tell what his cream will cost him if he keeps a certain kind of animal which is not thoroughbred.

Mr. ELLIOTT: It would all show in the value of the young stock, would it not?

Mr. STANSELL: Yes, it is shown in the amount of cream produced per cow.

WITNESS: We cannot get any evidence from this farm I am speaking of as a dairy farm.

By Mr. Sales:

Q. Have you any record of dairying, among your records?—A. No, sir.

By Mr. Sutherland:

Q. You have no other figures upon which you have compiled your records?—A. That is correct.

Q. Have you any farms there producing grade stock on which farming is carried on?—A. Only to the extent of having four or five cows; that would be about the largest number of cows on any of the farms, which I think is about the average in the West.

By Mr. Sales:

Q. When you go back to complete your year's records, I wish you would complete some of the statements of the mixed farmers and send them to the Committee, so that they can have a balance sheet published. What about beef, have you any to-day that are producing beef?—A. Not what you would call producing beef. I have two or three farmers who are pasturing quite a number of stock. They will sell them in the fall as stockers, and I have one farmer who is keeping some stock through the winter.

Q. Supposing you deal with that and let us know what it will cost to produce a stocker which we can ship down to Ontario to be finished. If you could give us anything like that, it would be very interesting.—A. If you wish to get something on that line, Mr. Sales, I will go to your office afterwards and show you; it will take about half an hour to show you what you have mentioned. That is what I have yet to show to the Committee.

The CHAIRMAN: If Mr. Sales goes with you, he will be the only one who will see it, but if you give it to the Committee, the Committee will have it and the country will have it.

Mr. SALES: I am afraid the Committee need it worse than I do.

By Mr. Milne:

Q. Before you leave the stock on farm D I think it was, is that a farm with a good deal of rented land? You say he made a profit on account of not having the overhead to carry; you also made a statement of the young fellow who made it a habit of renting and had been under all the time; have you any idea why; was there anything wrong with that young fellow?—A. There was nothing wrong with him as a farmer. If I mentioned his name to you, you would know him and would say he is a bright chap. He was south of Portage, and they had an awful dirty year this year, and he was up against a pretty bad weed problem, and in the face of all that and his expenses he did not make any money, the farmer did not make any money, there was no share for him, so he gave it up.

By Mr. Sales:

Q. Will you elaborate that a little, Mr. Grant, in regard to the dirty year, for the benefit of these gentlemen here?—A. I went out in the fields; he had a field of barley there, and the sow-thistle was up to my shoulder, with a stalk as thick as my thumb.

By Mr. Robinson:

Q. How high was the barley?—A. I could see it there; it was down below somewhere.

By a Member:

Q. He would be a poor farmer?—A. No.

Q. It shows that there was poor farming done.

The CHAIRMAN: How can the stenographer get anything, when three men are asking questions at the same time? Mr. Clifford, have you any questions to ask?

Mr. CLIFFORD: I think sow-thistle, mustard, and all these things, show signs of poor farming.

WITNESS: I do not want to branch off into field husbandry.

By Mr. Clifford:

Q. Does he own the farm?—A. No. The weeds are there, through the Red River Valley, all through there, and they are a problem we have to come back to, the same as insects or anything else. The weeds are all over the country; they seem to be inherited. They have been there for the last fifteen years.

The CHAIRMAN: You would not infer that they are like original sin, would you?

Mr. SALES: I think they are worse.

WITNESS: We have to take into consideration the weed question in our farming operations.

By Mr. Sales:

Q. You would admit that this sow-thistle is one of the most difficult things to combat in Western Canada?—A. Absolutely.

Mr. SALES: I was going to give the Committee a little of what I saw myself. I saw a piece of summer fallow as bare as this table, and all over that summer fallow there was a little white covering, as though there had been small flakes of snow falling on it; that was the seed of the sow-thistle blowing from somebody else's land on to that man's summer fallow. I said I would not have a farm down there if it were given to me. It is a heart-breaking proposition, to try and clean your own land, when seeds are being carried from some other man's land. I do not know what Manitoba is going to do about it.

WITNESS: The last few days in July we get at our summer fallow, in Manitoba. This year we had about a week and a half of torrential rain, and could not get on the land to do the summer fallowing; the sow-thistle came there, and it grew up about that high, and was about as solid as you could get it.

By the Chairman:

Q. You are indicating a height of about two and a half feet from the floor?—A. Yes. That sow-thistle grew there and bloomed, and all the seed was disseminated. That was not bad farming; they could not get on the land. That seed blows out on the next man's land, and keeps right on going.

By Mr. Robinson:

Q. Do you plough the sow-thistle down?—A. They cut it, break it up and burn it.

By Mr. Gardiner:

Q. Would a shrewd man rent a piece of land to farm it?—A. When a man goes out to Portage Plains, where we have the best soil in Manitoba, and rents a farm in the spring, he does not anticipate a condition like that.

By Mr. Sutherland:

Q. Is this not the result of the policy that has been pursued of growing grain and not going into mixed farming?—A. I would not make that statement wholesale, because we have in the Red River Valley the sow-thistle; if we could do our summer fallowing and get rid of the sow-thistle, what would happen would be that we would get such a rank growth next year that we would be rusted out.

Mr. MILNE: I might perhaps make a statement in regard to this sow-thistle. It is not due to bad farming. I have an area in my constituency about 25 or 30 miles long and from 8 to 10 miles wide, a marvellous stretch of country, in which there is a marsh which is dried up during the dry season. There are sections and sections in that marsh with sow-thistles, not two and a half feet high but five feet high, and we cannot do anything with it.

Mr. SUTHERLAND: But it was carried there from other land.

Mr. MILNE: Along the edge of the marsh it grows, and they cannot cut it; it is absolutely impossible to cut it.

WITNESS: My uncle farms about ten miles from the border, on the Red River. I know what sow-thistle is. I said to him "Where does it come from?" He told me it came down the river from the United States—without duty I suppose; he never saw it before it grew on the river bank. We thought it was a pretty flower, then it got into the bush and blew out into the fields. We cannot get it out of the bush; it blows out every year, and it cannot be attributed to poor farming.

By Dr. McKay:

Q. Do they ever use sow-thistle for ensilage?—A. Yes.

By the Chairman:

Q. Is there any substantial food value in it?—A. Just for the last year we have tried it out. We have not tried it on the College grounds; we do not like to grow it for experimental purposes. They are ensilaging the sow-thistle, but I do not think it is worth while to dry it for ensilage.

By Mr. Stansell:

Q. As a matter of strict farming as against mixed farming, in your opinion would it be possible for settlers when they first went into the West to have commenced a system of mixed farming and have been successful at it, taking into consideration the lack of markets, and the distance of any available markets from their products?—A. Under the conditions under which the West was settled and the demand it would make for wheat, a market for wheat and cattle was problematical, if it was there at all; I would say No.

Q. You are then quite satisfied of the fact that Western Canada was to all intents and purposes opened up because of what you might term the European demand for wheat?—A. I do not make that statement personally, but I know that that is a recognized fact.

Q. Therefore it would have been impossible for them to have kept in existence as farmers alone if they had followed what we term mixed farming practice?—A. Yes.

By Mr. Sutherland:

Q. With regard to the weed menace which took possession of the country before the people realized how dangerous it was, the trouble now is to get rid of it, or to carry on farming at all. Have you investigated the pasturing of those lands with sheep? In Ontario sheep will practically exterminate it, and seem to thrive on it very well, at least they will not permit it to grow at all if they can get at it.—A. Well, if it pays to raise sheep in Western Canada, and if wool-growing pays—

Q. I am not asking about the paying part; have you made any experiments or investigations as to sheep keeping it down?—A. Yes, and they do keep it down.

Q. They will keep it down?—A. Yes, but we do not try that over a vast area; we did it on certain lands at the College.

Q. Has the raising of sheep proved to be unprofitable?—A. I have no data as to that.

By Mr. Sales:

Q. They do not eradicate the weeds?—A. No. I have been through the woods and along the highways, and the seed blows constantly on the land you are working. We will never get rid of sow-thistle, but I think we will be able to fight it.

By Dr. McKay:

Q. Have you a Noxious Weeds Act in the Provinces?—A. Yes.

By Mr. Sales:

Q. Do they have sow-thistle in Deloraine?—A. No, but they have Russian thistles.

By Dr. McKay:

Q. All these things emphasize the hazard of farming life—storms, hail, thistles, weeds, and everything else?—A. Yes, sir.

Mr. SUTHERLAND: And oleomargarine.

WITNESS: I will show how we arrived at our cost estimates. I have one here called Receipts and Expenses. Each farmer has these three sets of books; they will show how we get the figures. He puts down in July say, Farm Receipts and Expenses. At the end of the month he sends these in, at least the District representative, or as I hope to do this through the Soldiers Settlement Board, the District Supervisor collects these at the end of the month and sends them to my office. I keep these sheets in my office, and I have a set for each farmer.

By the Chairman:

Q. When you say "these sheets," what are those sheets?—A. These are really his books; he just gives me his data, and I keep his books in my office.

By Mr. Sales:

Q. That is, he has a book of Receipts and Expenses?—A. Yes.

Q. For each and every month?—A. Yes, sir.

Q. You summarize the statement?—A. I distribute it.

By Dr. McKay:

Q. Is it verified?—A. Yes; the district representative or agricultural supervisor of the Soldiers Settlement Board visits the farmer once a month. We do not ask them to swear that these things are correct, of course. If you will turn to Feed, you will see that I have made up a record for feed. I go out and weigh up his utensils, ask him how much hay he feeds, and weigh that, and he puts it in his Feed items for the month and sends that sheet in, and we keep a Feed record in the same way as we keep his Cash record. We also have a daily labour sheet, and he puts in that all the daily labour he does, such as ploughing of wheat; he fills that out every day, and they come in to my office at the end of the month. I then make out a Labour sheet. For instance here is a Labour sheet for corn; we distribute that under ploughing, harrowing, cultivating, seeding and so forth, and when we have all this data at the end of the year we take this Cost of Production and Distribution sheet, and it contains

all the figures, such as work, horse cost, charges for horses, his labour for wheat, and make a charge for horse labour and so forth. Here is man labour cost, pasture cost, and productive stock. We distribute that. For instance, here is the first charge against that; we put in the total man hours from these sheets and the next thing is the man hours per acre, the total horse hours, the horse hours per acre, and the total tractor hours, the tractor hours per acre, carrying down that wheat. We come to the expense item, man labour, horse labour, what it costs him for feed, manure, twine, treating material, threshing, machinery charge, summer fallow, pasture charge, interest on cash overhead, crop insurance, and we have at the end of the year the total charges for his wheat, the total charges for all his operations, and the same way with cattle. I will distribute the cattle charges the same way. There is feed, building charges, interest on the investment. We will photograph this sheet and send a copy to the farmer and include one copy in my report, and this sheet will show him just exactly how much labour—you see if you refer back to the sheet we have figured that that only gives you the cash expenses of the general farm business; if he wants to find if he made any money on wheat or oats or what his building charges were, those items are all there, and it shows actually what enterprises of his business paid, and what lost, and he can find out where the money went here. That also shows what his labour charge was, and what his horse labour charge was.

Coming from this sheet, I take all the sheets I get from these farmers and I will publish them; this is what I will send you if you so desire, what I call a farm analysis of these factors. That is, trying to find out from these farmers just where they lost, where they made money, and what the relation is, for instance, to the labour and investment and things like that.

Exhibit No. 29

Table 1.—DISTRIBUTION OF INVESTMENT

District	No. of Farms	Per cent Total Investment in						Total Investment per Farm
		Land	Buildings	Machinery	Stock	Feed and Seed	Total	
Portage Plains								
South Western								

A comparison of the distribution of investment for the two districts which will indicate not only the variation in type of farming but show also the influence the past five years of drought and poor crops in the south has exerted on present fixed overhead charges by having prevented increasing and inflated land values and by having prohibited the farmers from accumulating high priced tools of production, buildings, automobiles, etc.

APPENDIX No. 3

EXHIBIT No. 30

TABLE 2. DISTRIBUTION OF FARM AREA

District	Percent Total Farm Area					Total Acres per Farm
	Crops	Pasture	Timber Farm - stead	Waste	Total	
Portage Plains						
South Western						

This table will show the utilization of land, relation of kind and extent of crops grown to the physical and climatic conditions as represented in the two districts. Conclusions will be drawn as to the relative acreages of crops; more especially forage crops and summerfallow substitutes; as denoting changes in soil management occasioned by drifting soils, etc.

EXHIBIT No. 31

TABLE 3. PERCENTAGE OF TOTAL CROP AREA IN VARIOUS CROPS

District	Percent Total Crop Area in										Total Acres in Crop per Farm
	Wheat	Oats	Barley	Corn	Flax	Hay	Alfalfa and Grasses	Fallow	Miscell.	Total	
Portage Plains											
South Western											

EXHIBIT No. 32

TABLE 4. AMOUNT OF STOCK PER FARM

District	Total Animal Units per Farm					Total Animal Units of Stock
	Horses	Cattle	Hogs	Sheep	Poultry	
Portage Plains						
South Western						

For purposes of comparison, the number of head of stock is expressed as animal units. An animal unit is the approximate equivalent in feed requirements and manure production to a mature horse or cow.

One horse, one cow, two colts, two young cattle, five mature hogs or 10 pigs, 7 sheep, 14 lambs or 100 hens.

EXHIBIT No. 33

TABLE 5. DISTRIBUTION OF EXPENSES AND TOTAL EXPENSES PER FARM

District	Per cent of Total Expenses For												Total Operating Expenses per Farm	Total, including Inventory Loss
	Feed	Allied Labour	Family Labour	Operators Labour	Management	Bldg. Repairs	Bldg. Depreciation	Machinery Repairs	Machinery Depreciation	Miscellaneous	Dwelling Depreciation	Total		
												p.c.		
Portage Plains												100		
Southwestern												100		

The distribution of expenses should indicate the weakness or strength of present day farm organization. A careful study of this chart will bring out the relative importance of some expenses which have been generally overlooked by the farming population and the public in general.

These expenses, which will be analysed—I will take an average, and they are feed, hired labour, family labour, operator's labour, management, building repairs, building depreciation, machinery repairs, machinery depreciation, miscellaneous, dwelling depreciation, and the totals.

EXHIBIT No. 34

TABLE 6.—RECEIPTS, EXPENSES AND NET LOSS OR GAIN

District	Average Operating Expenses	Average Expenses including Inventory Loss	Average Gross Income	Net Loss per Farm	Net Gain per Farm	Per cent Loss on Investment	Per cent Gain on Investment
Portage Plains							
Southwestern							

This chart shows at a glance the profitableness of farming for 1922 on the farms studied.

EXHIBIT No. 35

TABLE 7. COST OF VARIOUS ITEMS

	Acre Cost												Total	Yield per Acre	Cost per Unit
	Man Labour	Horse Labour	Seed	Manure	Twine	Threshing	Tractor Use	Auto Use	Machinery	Fallow	Miscellaneous	Manage	Land			
Wheat																
Oats																
Barley																
Rye																
Potatoes																
Corn																
Corn Silage																
Fallow																

APPENDIX No. 3

The average acre cost, yield, and cost per unit will be given in this table. An analysis of the cost should be the basis for recommending changes in farm cropping practices. There will also be a chart presented showing the average man and horse hours for each crop operation, which when presented as a cash expense will show in fact the actual profit of certain methods of field management. The relationship of high wages, machinery to net profit will also be analysed.

EXHIBIT No. 36

TABLE 8.—COSTS PER ACRE. YIELD—COSTS PER UNIT

——	Wheat	Oats	Barley	Summer Fallow	Rye	Potatoes	Corn Fodder	Corn Silage
Portage Plains	Acre Cost							
	Yield							
	Unit Cost							
Southwestern	Acre Cost							
	Yield							
	Unit Cost							

The above chart will show the relative profitableness of the various crop enterprises. This actual analysis will present the same result as the cost school and an interesting comparison should result.

EXHIBIT No. 37

TABLE 9. LABOUR AND POWER COSTS PER FARM AND PER UNIT

——	Annual Cost Man Labour	Days Productive work per Farm	Cost Man Labour Per Day	Annual Cost Tractor Use Per Farm	Gas Tractor Use per Farm	Cost Tractor Use per Day	Annual Cost Auto Use per Farm	Annual Cost Horse Labour per Farm	Days Productive Horse Labour per Farm	Cost Horse Labour per Day	Productive Days per Horse	Crop Acres per Horse	Value Farm Machinery per Acre
Portage Plains													
Southwestern													

The efficient use of labour and power requirements is a potent factor in profitable agriculture. These results will not only afford the individual farmer with a knowledge of the leaks in his own business but when grouped as above and expressed as an average will fortify the argument for better farming methods to increase profits.

EXHIBIT No. 38

TABLE 10. COST OF KEEPING FARM WORK HORSES

	AMOUNT PER HEAD					COST PER HEAD							
	Number Horses	Average Value per Head	Grain (Bushels)	Hay (Tons)	Days on Pasture	Interest	Depreciation	Grain	Roughage	Pasture	Miscellaneous	Total	Manure Credit	Net Cost
Portage Plains														
Southwestern														

The cost of maintaining the farm work horse is scarcely appreciated in Western Canada. The computation of the above records was probably the most difficult of all records to obtain and present. Feed analyses, labour requirement and cost of keeping cattle are on the following charts. Some conclusions on the profitableness of diversified farming should result.

Exhibit No. 39

Table 11.—FEED-LABOUR AND OTHER REQUIREMENTS PER ANIMAL UNIT OF CATTLE

	Amount per Animal Unit					Corn Fodder	Days on Pasture
	Man Hours	Horse Hours	Grain (Bush.)	Hay (Tons)	Silage (Tons)		

Exhibit No. 40

Table 12. COST OF KEEPING CATTLE

	Cost per Animal Unit													
	Man Labour	Horse Labour	Buildings	Auto Use	Machine	Grain	Hay	Silage	Corn Fodder	Other Feed	Pasture	Management	Miscellaneous	Total
Portage Plains														
Southwestern														

Exhibit No. 41

Table 13.—VARIATION IN NET COST PER BUSHEL OF WHEAT IN MANITOBA. ACREAGE AND QUANTITATIVE PRODUCTION AT VARIOUS COSTS

Net Cost per Bushel	Number of Farms	Cumulative % Number of Farm	Cumulative % Acres Seeded	Production Bushels	Cumulative Production Bushels	Cumulative % of Production	Each Star represents a Farm
Less than 50c							
50c. to 70c							
70c. to 80c							
80c. to 90c							
90c. to $1							
etc. etc							

APPENDIX No. 3

It is anticipated that there will be a considerable range in cost of producing a bushel of wheat. A "bulk line" will be established at a point sufficiently high enough to maintain production. This point will necessarily be established where those who produced at lower costs would be sufficiently encouraged by the profits to increase their production in a sufficient quantity to overcome the losses in production that must accrue eventually to those who produce consistently at costs higher than bulk line. The purchasing power of farm products is 70 per cent of pre-war normal. This is undoubtedly the chief cause of farm losses during the period of re-adjustment. If the actual price received only gives a relative few the cost of production, the production balance cannot be maintained.

EXHIBIT No. 42

TABLE 14. RELATION OF YIELD OF WHEAT TO COST AND NET FARM PROFIT

Yield Limits	No Farms	Average Yield per Acre	Average Acre Cost	Average Cost per Bushel	Cross Farm Income per Acre	Net Farm Loss or Gain	Percent Loss or Gain on Investment
0— 5·0							
5·1— 8·0							
8·1—11·0							
11·1—15·0							
15·1—20·0							
20·1—25·0							
25·1—29·0							

The relation of yield to cost is still the most important factor in the cost of production. This may be contrary to the opinion of some who still claim the number of acres is the factor that controls profit.

EXHIBIT No. 43

TABLE 15. RELATION OF NUMBER OF DAYS OF PRODUCTIVE WORK DONE BY EACH HORSE TO NET FARM INCOME

Range of Productive Horse Days per Horse	No. of Farms	Average Days per Horse	Average Cost Keeping per Head	Average Cost per Day	Gross Income per Acre	Net Loss or Gain	Percent Loss or Gain on Investment
36—59							
60—75							
76—89							
91—177							

The effective use of horse labour has been given little thought by most farmers. It was a difficult matter at the cost schools to get the farmers to accept 86 productive days as an average. It is hoped that this chart will bear conclusive proof of the fact that the greater the use of the work horse the greater the net farm income.

EXHIBIT No. 44

TABLE 16. RELATION OF SIZE OF BUSINESS TO SIZE OF FARM AND VARIOUS ITEMS OF INVESTMENT

Range of Expenses	No. Farms	Average Expenses per Farm	Total Farm Acres	Total Crop Acres	Investment in stock	Investment in Machinery	Total Farm Investment per Farm

Farming is still a family business when the size of the farm efficiently utilizes all of the labour of the farmer and his family but is not so large as to go beyond this limit. Efficient production is maintained and the hiring of additional labour on an extensive scale does not enter in to reduce the net profit.

The efficient use of various quantitative labour factors on small or large farms should be clearly emphasized on this chart. Size of farm as relating to profit is a very pertinent and increasingly important topic of study.

EXHIBIT No. 45

TABLE 17. RELATION OF SIZE OF BUSINESS TO LABOUR REQUIREMENTS AND EFFICIENCY OF OPERATION

Range of Expense	Number Farms	Average Expense	Prod. Man Labour Days	Unprod. Man Labour Days	Number Horses per Farm	Crop Acres per Horse	Prod. Days per Horse	Management per Farm	Acre Cost of Wheat	Yield of Wheat (Bush.)	Cost of Wheat per Bush.	Cost Cattle per Animal Unit

EXHIBIT No. 46

TABLE 18. RELATION OF SIZE OF BUSINESS TO VARIOUS SOURCES OF INCOME AND NET INCOME

Range of Expenses	Number Farms	Av. Expenses per Farms	Income from Wheat	Dairy Sales	Poultry Sales	Miscellaneous Sales	Food from Farm	Auto cost	Tractor Cost	Gross Income per Acre	Per cent Loss or Gain	Net Loss or Gain

APPENDIX No. 3

EXHIBIT No. 47

TABLE 19. UNPRODUCTIVE LABOUR ACCORDING TO SIZE OF BUSINESS

Range of Expenses	Number Farms	Man Hours per Farm For										Total
		Mach. Rprs.	Tract Rprs.	Auto Rprs.	Bldg. Rprs.	Fence Rprs.	Horse Cost	House-hold	Manure	Grass Hopper Poison	Miscel-laneous	
Less $2,000												
$5,000 over												
Average												

EXHIBIT No. 48

TABLE 20. COST OF TRACTOR OPERATION

—	Value	Depre-ciation	Interest on Investment	Fuel Cost	Repair Cost	Total Annual Cost

A study of tractor or horses could not be comprehensively made in Manitoba last year. The low price of oats and high price of kerosene practically prohibited the use of tractors and only meagre records were available. Figures will be produced however showing complete costs of threshing operations.

EXHIBIT No. 49

The following charts will also be prepared, showing by graphical method:—

1. Distribution of investment.
2. Distribution of expenses.
3. Items of cost of an acre of wheat.
4. Distribution of cost of keeping cattle.

By the Chairman:

Q. Who worked out this scheme of accounting, yourself?—A. I worked it out from various schemes of cost accounting. That is, I have studied practically all the systems from Czecho-Slovakia to the American system, and adopted a system which I thought was good.

By Mr. McKay:

Q. The American system is a growth of the European system?—A. Yes, it is a growth, but it is much more comprehensive, I think. For instance, they sent me a copy from London, England, for only one farm.

By Mr. Bouchard:

Q. Have they a uniform system in England?—A. In the States.

Q. Why not adopt that here in Canada?—A. I think it is the only way. The way I look at this, I realize my studies are not comprehensive at all,

and it is just a start, but it is something that is new in Canada, it is the first it has been done in western Canada at all, and I feel this, that the Dominion government should really conduct this work, that is, through establishing a Department of Economics. Then, for instance, like in Manitoba, I would conduct the cost accounting for Manitoba, conditions, and as in the United States the Federal government would supply me one man. We would get a uniform system, so you could interpret my result here and then you would have all these figures and you would not need to call me from Manitoba.

By the Chairman:

Q. Mr. Grant, your figures are most interesting, but you are not proceeding along the same lines as Mr. Leitch. For instance, Mr. Leitch made an allowance for what the farmer got, his living, off the farm, and also credited the farm with the house rent, if I remember rightly. Now, I would ask you this question: do you, in your investigations, allow anything to the farmer as a commercial operation for what it affords for the needs, the personal needs, of the farmer and the house which affords him shelter for his family?—A. First, I wish to make this statement. As you said, I differ from Mr. Leitch. Remember, the statement I gave you from these seven farms is actual receipts and expenses. We cannot include in that what the farmer received, but when I analyse the actual farm work from the whole statement, I will do that, and I will also charge or credit the farm with a monthly rent for the house, you see, and also credit them—I have the figures—with how much the farmer got from the farm itself.

Q. Let me just sum up. If I am right, I think this is important, and should come out. Would a more favourable aspect of farming in Canada, east or west, not be presented if when establishing the reward for farming industry in the manner in which you have endeavoured to establish it, you added or credited the farm with the living which the farmer gets from it, to a greater or less extent?—A. Yes, and I will do that when I make up my final sheets, within two or three months, but the farm cash expenses and receipts which I gave you before do not include that.

Q. Let me just illustrate that point by an example. I can suppose—you will correct me if I am wrong—I can suppose a farmer with a large family, who has got a turn for gardening, and whose wife is a good butter maker, and who has some sheep of his own—I could imagine that that farmer's cash income might be insufficient to pay him interest on the capital invested, and for his own wages, but who by reason of the amount of stuff that he got off his garden, and the living of his family, the eggs, pork, beef, orchard fruits of all sorts, vegetable products, that came from the garden, and the wool that he got from his sheep—I can understand his family being in very comfortable circumstances in spite of the fact that on a purely commercial basis the farm does not pay; is that an unwarrantable assumption?—A. No. I would say this, in answer to that; you must remember that I was dealing with those seven farms as a business, and when the farmer gets a living off the farm it is just his personal expenses, you see. For instance, you do not include your expenses, your household expenses in your law practice, and a hardware merchant would not include it in his business expenses.

Q. I think that calls for a remark; I think I am in the sense of the Committee when I say that the social end and the business end of the farm business are so closely connected that you cannot make that distinction which you can with an ordinary business. Am I right?

Mr. SALES: Well, Mr. Chairman, I have had an experience in the city of Regina. You might divide that city into two portions, east of Broad street it is inhabited by foreign people; west it is mostly inhabited by English people. Mostly German or foreign people, living in what we call Germantown in Regina, all of them have their own gardens surrounding their own houses, and at night you can see their wives and families cultivating the garden. These people are living there and saving money while at the same time our English people, who will not do that kind of thing are eating ice cream and sitting in the picture shows declaring that they cannot live. The point I am making is this, that the farm garden produce is raised by the labour of the wife and children generally, and if the city man would follow the same practice as these people in Regina do, they would also produce a part of their own living.

Mr. BOUCHARD: The trouble is that you cannot get the land in the city.

Mr. SALES: In this city that may possibly be so, but my point is that a large part of this living is earned by the wife and children, whose labour never appears in a cost sheet.

The WITNESS: That applies, too, to the income from the dairy cows and the poultry. The woman usually does that in her spare time or extra time, and to charge that up as a part of the farm business, I do not think that is fair at all.

Mr. MILNE: No, I cannot see if the garden is conducted in the after office hours, by the wife and family and the man as well, why he should not get that. That is an extra, he puts in that extra time, and if you want to charge him rent for the farm, very well, but it seems to me if he is ambitious enough to do that outside of working hours he should get it.

Mr. STANSELL: I think, Mr. Chairman, that that point is well taken, because if you undertake to estimate the butter which the wife makes, and the garden produce that the children help with, then you must allow these people wages for what they do. In your practice you would not consider that, your wife might be a writer for a magazine and you would not count that in your own business. She might make a considerable revenue from it.

Mr. SALES: This fact must be placed before the Committee and especially before you, Mr. Chairman. The farm-house is turned into a factory. For instance, we kill our own pork. That must be attended to in the house, salted and the lard must be rendered, the sausage made, and all the rest of it. Our fruit is canned and preserved and so on, and a whole lot of this work is done which the city wife evades by going to the store and buying in cans, and if we were to follow the same practice in the country we would simply be bankrupt in a very short time. That point cannot be too strongly emphasized, because on the farm you must put in many hours on this kind of work, which the city woman does not know anything of.

The WITNESS: May I just say this; your attitude, Mr. McMaster, reminds me of the first time I left home to work. I worked for a farmer, and when it came to the end of the summer, he said, "Well, here are your wages, my boy," and I said, "How much is it?", and he said, "$10 a month," and I had worked right with the men in the field. I said, "That seems pretty low for me," and he said, "Yes, but look at the money you have saved; if you had been in town you would have been going to shows and buying ice cream and so on." Now, you would penalize the farmer in the same way.

The CHAIRMAN: No. I do not want any darker picture to be drawn of agricultural conditions than are warranted by the real facts. I think that if you put farms on a purely commercial basis you will find only a very rare farm

from Nova Scotia to British Columbia which will pay, on a purely financial basis, and I think that in all fairness to the farming industry, as one of the great activities of this country, there should be taken into consideration the fact that the farmer is able to produce—of course, it means labour—but he is able to produce a certain amount of his living which the city man has got to buy, and I quite grant what Mr. Milne says, and what Mr. Stansell says, and if you are going to get an absolutely correct accounting system you would have to not only credit the farm with the living, but you would have to debit the farm with the labour of the wife and children and so on.

Mr. STANSELL: Absolutely; if you put it on a commercial basis.

The CHAIRMAN: In answer to that, it might be said that the farmer and his wife and children may get a certain amount of pleasure in growing vegetables, which the city man gets in growing flowers.

Mr. GARDINER: You would charge that "pleasure" of the farmer as an amusement?

Mr. SALES: May I point out here, because I think this is a question of importance, that the farmer's daughters to-day do not take very kindly to this thing. For instance I lived four miles from a little town, and I have six girls. My girls have all been in the habit of assisting their mother in the garden. About 1917, when the automobiles began to come in evidence so much, we would have the young banker and the young lawyer and the storekeeper come down with a girl or two, drive into our yard, where our girls would be tending to the garden in the cool of the evening. They would drive into our yard and invite my girls for a ride. They would say to them, "I would not stick around and hoe the garden. You must get around." You can easily see the position of farm life on the social side. Let me give one more illustration. I went into the house of one of my friends some years ago, and he was looking very downhearted. Ordinarily he was a very cheerful man. I asked, "What is the matter?" He said, "I have got to sell my cows." I asked why, and he replied, "The girls will not milk any longer." Now both of those girls had second-class certificates, and this was their complaint: "We cannot go to church, we cannot go to picnics, we cannot go to anything without having to go home to milk those blamed old cows, and we are through with it." That is the statement one of them made. She said, "I can go out and get $1,200 a year by teaching school, starting at 9 o'clock, and finishing at 4 o'clock, and that is more than you can make out of those old cows altogether."

Mr. HAMMELL: If everybody did that sort of thing, where would we be at?

Mr. SALES: That kind of argument has no bearing on the girls. They say they can go out and earn $1,200. The thing has got to that pitch. This kind of life has got out of balance or out of proportion to the life on the farm.

The CHAIRMAN: In other words, your view is that the reward of labour in the farming industry is away below the reward of labour in other spheres of activity?

Mr. SALES: Absolutely. The more boys and girls get educated, the more their powers of comparison develop, and they will not stand for that kind of thing. That is the chief difficulty in my mind.

The WITNESS: May I make this statement, from my own knowledge of educational conditions in the West? There is an increase in our own province of the number of students from the country who are going into Arts, Law and Medicine. There is a decrease in those studying Agriculture, and if you ask any of those students, and I know most of them, they say—they realize that

perhaps the lawyer and the doctor are having their depression as well as anybody else but they are out on the farm and they see the lawyer and the doctor going around in their cars, and they hear their folks talking about depression, and they are not going to an agricultural college to pay $2,000 or $3,000 for an education which is going to saddle them with a debt, as their fathers were saddled. Whether it is right or not, they are crowding to those other pursuits, Law, Medicine and the like; and you cannot argue with them that they have all the social advantages of farm life, that they are their own bosses, that they can work in the garden at night, or that they can keep some chickens if they want to. They are out for hard, cold cash.

By Mr. Sales:

Q. Have you any experience of the farm boys who go to the Agricultural College in Manitoba, and who, after completing their education, absolutely leave farm life?—A. We have two courses, the diploma course, a three years' diploma course, which makes no requirements, so far as high school training is concerned. 90 per cent of those who take that course go back to the farm. In the degree course, that is for those who are going through for teaching the science of agriculture, and who have actually decided to go into research and teaching work, even of those, around 47 per cent are back on the farm, and lots of them are in research work, or teaching, which I think is a most admirable percentage.

By Mr. Bouchard:

Q. Do you know whether that 90 per cent are successful in farming?—A. As I look over them—Mr. Milne is as conversant with them as I am—they are doing as well, if not better than most of them. Apart from that they are a great social factor in their districts, organizing progressive associations.

Mr. SALES: I admit they are useful.

The CHAIRMAN: Now, go ahead.

The WITNESS: If you wish, I will read a short article which I have prepared for the Scientific Club of Winnipeg. The members of that club are cold, calculating chemists, physicists and engineers and the like. They are the people who awarded me this scholarship last year, and they have asked me to give some sort of report, and I am giving this as an introduction to this other work, a sort of analysis of farm conditions.

Mr. HAMMELL: You made the statement a moment ago that those young students went back and organized progressive societies. You do not mean that in a political sense?

The CHAIRMAN: We are examining agricultural conditions.

The WITNESS: I leave you to put your own interpretation on it.

Mr. HAMMELL: I resent the statement that those boys go out and take part in any political organizations on one side of politics. That is not the fact.

The WITNESS: No, I really meant to say community life. Just in a humorous way, I called them progressive associations.

Mr. SALES: Mr. Hammell will not deny the right of these boys to express their own opinion or to take any part they see fit in political affairs or otherwise.

Mr. HAMMELL: No, sir.

Mr. MCKAY: Q. Do you find that those educated boys from the college make any better farmers than those of ordinary education?—A. We have never

conducted any surveys. We are only a young college, and the only figures we have are the American figures based on their surveys, and they find that the average income made by those students from the Agricultural College is $1,000 a year more than the ordinary farmer. It is something like that. We have nothing like that in the West, but just from the sociological standpoint we find that our students are those who are really meeting conditions from a sound and sane point of view.

By Mr. Sales:

Q. The business point of view?—A. Yes. That is that they are not the ones—they have enough economics and the like, and they are working. I might say that the whole fundamental principle of our institution is not to make farmers but to make citizens.

Q. Make what?—A. Citizens.

By Mr. McKay:

Q. Good farming citizens?—A. Yes, rural citizens. I mean not to teach them so much, not fundamentally.

By Mr. Sales:

Q. How do you suppose a man with an education of that kind is going to reconcile himself to the fact that he must work fourteen hours. You said fifteen. I say fourteen. That he must work fourteen hours a day to grow cheap food for the man who wants to work eight hours a day. How is he going to reconcile himself to that fact, with an educated brain, looking at it from a purely business point of view.—A. He does not reconcile himself to it.

Q. That is why he goes out and organizes progressive associations.

By the Chairman:

Q. You need not reply to that question. Go ahead with your thesis there —A. I might be referring to some statistics, as to index numbers of agricultural products that you already have.

Agriculture is not only our basic industry, but our largest. It furnishes practically all of our food, the material for all of our clothes, the raw material for the largest part of the manufacturing industry of the nations, about one-half of the gross earnings of the railroads of the country, a consumptive market for nearly one-half of the manufactured products sold on our markets, and lastly, agriculture furnishes a constant stream of rugged people who quickly fill positions of service in the great centres of population.

Research has been applied to all phases of human activities, but research in agriculture has been relatively late in development. It came with a growing concern for the future of agriculture—and appreciation that as long as man lives agriculture must be a permanent industry, and as population increases, agriculture must be increasingly efficient.

The benefits of agricultural research are so well known that it is hardly necessary to mention them. Research has made it possible to continue growing crops in sections of the country where some pest or disease was turning the farmer's effort into naught. Research found the cause of wheat rust, it found the Texas cattle fever tick and how to control, it produced Marquis wheat. It is the foundtation for our whole system of agricultural education in colleges and schools. It is also the basis of regulatory laws and their enforcement.

A sound and efficient agriculture calls for more research. The experience of the past, the present situation and a view of the future emphasize the necessity of enlarging the system. It is unfortunate that the research agencies of the country are unable to keep pace with the demands being made upon them.

APPENDIX No. 3

Research problems might be divided into two groups. The first would include the new difficulties that are constantly arising and must be overcome to keep agriculture in its present position, such as a new insect pest. The second would include such questions as the improvement of existing methods.

New methods for reducing costs of production, the better distribution of farm products, and better methods of marketing are sorely needed. This is in the interests of the average citizen who buys all his supplies because such methods will help reduce the cost of living. This is in the interest also of farmers because better methods will increase the profits of farming. But a chief reason, seldom appreciated by the lay citizen, is the importance of holding our position in the markets of the world.

Our new resources plus our skill plus our shipping ability are in competition with the natural resources, shipping ability and cheaper labour of other countries. If we are to win from them we must depend chiefly upon our superior knowledge. When we find more economical feeding practices or some way of reducing cost per bushel or if we devise or use more efficient methods of marketing, we are able to reduce our selling price and thus strengthen our hold on foreign markets.

The principal object of the investigations by the various agencies now at work in the agricultural field is to increase the farmer's net return. Investigation must necessarily precede application, and only recently has it been proven that intelligent demonstration is the result of the application of fundamental principles obtained by investigation and research.

It is essential that the farmer knows the facts concerning his own business. Not only this, but the manufacturers, the merchants and the city dwellers should have presented to them the true picture of the financial condition of the farming population. Opinions and ideas are not a substantial source from which to draw conclusions. In other words, before any great progress can be made in lifting ourselves out of the present unhappy and unprofitable basis, we must get down to facts and figures and not be content to surmise about it. As long as the farmer is satisfied with an indefinite knowledge regarding his business, just so long will other interests profit by his ignorance and interpret conditions to suit their own ends.

There seems to be a general feeling that there is something wrong with the country. At any rate there are innumerable articles published discussing the subject. Some attempt diagnoses, others present treatment. Unfortunately some seem to be inspired by the doctrine of Coué and by reeling off statistics showing the number of cars of grain handled this week at Fort William, conclude by saying that day by day the farmer is growing richer and richer. In order to clear up the situation it may be well to attempt to determine just what is the rural problem. It may be well to show first what it is not.

In glancing back over the last twenty-five years in the history of our country, we are presented with ample evidence that there has been a general advance in all phases of rural life. The farm population is better housed, better clothed, better fed, better educated and informed, is more productive, produces what it does produce more easily, has better implements and agencies with which to work. We have a tendency now-a-days to forget the struggles and hardships of the past, to forget that our aged contemporaries who were reared on the farm developed this country in the face of backward conditions which existed in matters of production, obtaining necessaries of life in the home, methods of living and education. We have evolved certain ideals of life with the growth of large cities, and when we bring them to bear on our rural life the latter has been found backward in some respects as measured by these ideals. Arrested growth in some rural districts is nothing compared to the extensive slums of

the city. It is also a mistake to assume, as is so frequently done, that the problem of rural depopulation. The vast increase in urban centres, during the last ten years, has been accredited at the expense of rural districts. Such is not strictly the case. It may have its serious aspects, but it is not a problem of first magnitude. City growth is derived from four sources—incorporation, natural increase, migration from the country and immigration. Figures show that natural increase accounts for about twenty per cent of the city increase, immigration 65 to 70 per cent (American Journal of Sociology, XVI: 648-661).

Nor can the movement to cities which does take place be prevented. The basic and inevitable factors which develop a country are largely accountable for the situation. The farmers' producing capacity has been doubled and his produce supports double the original number.

We have laid too much stress, however, on increased production. The farmers' isolation, the necessity for independent or family unit production, the wide variety of products grown upon the average farm, the seasonable production and marketing of staple crops, resulting in market gluts, and the uncertainty of income are the factors which constitute the inherent weakness of agriculture. Certain ills of the farmer to-day arise from these fundamental weaknesses and date from the last century, others developed during the war; some were consequences of the boom, and others were the backwash of the down wave of the business cycle.

The basic fact of the economics of the world during 1920 and 1921 from the standpoint of price was that in each country the gold prices of raw materials declined precipitously. The decline began in 1919 and lasted with some commodities in some countries until the fall of 1921. The decline was from a peak of very high prices, the ascent of which occurred in three stages. The first result of the declaration of war was a transient fall of prices. This was followed by a gradual increase until the United States entered the war, when prices became fairly stabilized. Following armistice a transient decline of prices occurred. This was succeeded by a rapid increase, the peak varying for most commodities from two and one-half to three and one-half times the pre-war figures. The decline was more rapid than the ascent.

Throughout public discussions two assumptions appeared, seldom stated openly, but suggested inferentially. The first is that the agricultural products of the Canadian farmer were hit particularly hard; the second that the decline in price of agricultural products exceeded that of minerals, metals and forest products.

Q. What does your chart show?—A. This chart starts at 1900 and shows the comparison up to 1921 of the price of wheat and textiles and the variation that occurs during those years by index numbers.

Q. Did they follow one the other, or how did it go?—A. During 1917, 1918, 1919, 1920 and 1921 textiles were over wheat.

Q. That is to say the increase in the price of textiles was greater than the increase in the price of wheat?—A. In 1917 wheat was about $2.55; textiles were about the same.

Q. That is, taking your basic number as 100?—A. Yes. In 1918 wheat was about $2.90; textiles around $3.60. In 1920 textiles $3.90 almost; wheat was about $3.50. Not $3.50; about $3.20.

By Mr. Sales:

Q. Not $3.20 a bushel?—A. This is the index number, percentage increase. In 1921 all the figures on textiles were about $2.30, approximately; wheat $1.50.

APPENDIX No. 3

By the Chairman:

Q. It would be interesting to follow that out for 1922. You could get that from the Dominion Bureau of Statistics.—A. I might say I am carrying on this in my office but I have not got the cut made for it. Now, the next chart is the comparison of prices of wheat and wages of farm labour. Wheat prices increased more rapidly than farm wages during the war. But likewise fell more rapidly when prices declined. The next chart is a comparison of prices of wheat and farm machinery. The prices of farm machinery did not raise rapidly until the latter part of the war. They reached the peak after the wheat prices began to decline.

The weighted average price for 31 farm products in June, 1921, was 106, when the five-years' average before the war is called 100.

The price of copper was 88, coal 210, crude oil 154, pig iron 155. Freight rates varied from 138 to 231 per cent of the pre-war average. Wholesale prices of "all commodities" were 151 per cent of the pre-war average.

If prices of farm products should long remain at such unusual ratios to other prices and charges, the most far reaching changes in agriculture would take place.

Q. These charts that you have produced here, from whence do they come? —A. Those are based on the Labour Gazette reports and the weighted prices are based on Fort William.

Q. Did you prepare them yourself?—A. I assisted in the preparation of those.

Q. Have they appeared in any magazine or anything so that we might get them?—A. These are part of our agricultural survey report. It has not been published and I do not think it will be published.

By Mr. Sales:

Q. Whose agricultural survey?—A. The Manitoba Government; the Manitoba College.

Q. You do not think they will be published?—A. No.

Q. What is the matter with them?—A. I do not know.

Q. You do not want to say?

By Mr. McKay:

Q. No funds?

By the Chairman:

Q. Are you working under the Government of Manitoba?—A. Not now, no.

Q. Did you acquire the knowledge while you had been working for the Manitoba Government?—A. I would not like to make the statement.

Q. I do not think we should press it.—A. I will read that again.

"The weighted average price for thirty-one farm products in June 1921, was 106, when the five years' average before the war is called 100.

"The price of copper was 88, coal 210, crude oil 154, pig iron 155. Freight rates varied from 138 to 231 per cent of the pre-war average. Wholesale prices of "all commodities" were 151 per cent of the pre-war average.

"If prices of farm products should long remain at such unusual ratios to other prices and charges, the most far reaching changes in agriculture would take place. The types of farming in different sections of Canada are largely determined by freight rates. Any change in the ratio of rates to prices causes a readjustment of farming."

Q. What is the relationship between farm products and "all commodities"?—A. 151 to 106.

Q. 106 for farm products; 151 wholesale prices?—A. Yes.

Q. What farm products?—A. 31 farm products.

Q. That is 100 being taken as an average for the five years before the war?—A. Yes.

By Mr. Sales:

Q. You said something there about how farming was changed?—A. The types of farming in different sections of Canada are largely determined by freight rates. Any change in the ratio of rates and prices causes a readjustment in farming.

I am not writing a book on economics: this is just a statement I am making.

Q. Do you wish to elaborate that?—A. It will take about fifteen or twenty pages to do it.

By the Chairman:

Q. May I ask you this question, Mr. Grant, something I have had up with the Dominion Statistician. A farmer does not buy at wholesale prices, he buys at retail prices?—A. Yes.

Comparison of Farm and Wholesale Prices

When wholesale prices rise suddenly, retail prices lag behind. Much of the goods in the hands of the retailers is sold at or near the old price. When prices fall rapidly retail prices again tend to fall slowly. Prices in small towns change more slowly than in cities, because of the slow turnover.

Farmers thus sell on a quickly moving market and buy on a slow market, hence when a sudden and violent drop in prices occurs they sell at low prices long before any reduction occurs in the price of things that they buy. Wholesale prices do not show the conditions on farms.

Mr. SALES: That is the very point.

WITNESS: When prices suddenly fall, farm prices drop much more than wholesale, and very much more than retail prices. For example, take the case when a product sells for $3.00 wholesale and $2.00 on the farms. If the wholesale price drops 33 per cent the farm price will drop 50 per cent or nearly to $1.00. The reason for this is that freight and many other costs of marketing are based on the physical quantity handled, not on price.

The Purchasing Power of Farm Products

The increased yield in 1922 did not bring a relative increase in the value of the products. The purchasing power on June 1st, 1921, compared with five year average before the war was, Wheat 93, Oats 60, Barley 53, Potatoes 64, Chickens 116, Eggs 77, Butter 83, Milk Cows 80, Beef Cattle 69, Veal Calves 73, Sheep 66, Lambs 79, Wool 58, Hogs 67, Horses 45. Practically nothing that the farmer sells can be exchanged for the usual quantity of other things. It is physically impossible for the farmers to absorb the products of the factories. The weighted average of 31 farm products is 70 per cent of the pre-war average.

The nation is not only confronted with the most violent drop in prices that it has ever experienced, but agricultural prices have dropped so much more than other prices that we have a severe agricultural panic on top of a severe general depression.

I wish to make this statement; I think you asked me something about conditions in the West. That panic could be elaborated upon, the morale of the people in the West.

By Dr. McKay:

Q. Are you speaking of agricultural products over the whole of the world?—A. No, just in Canada. The morale of the people in the West is very low.

I find that, or I found it as I came East the last few days; they look upon me as a sort of a Bolshevik, just because I come from the West. They say to me: "The farmers in the West are knocking the Government." This is my explanation; take Coueism, or Peruna, or anything like that, if a person is sick he takes these things because he thinks they are good for him. A lot of these things in the West have not beeen sound, such as the Hudson Bay Railway, the Wheat Board, and all that sort of thing, and the psychological reason is that the people are panicky and their morale is low.

By the Chairman:

Q. You say there is a panic?—A. You take the Hudson Bay Railway, the Wheat Board and so on; when you have an investigation of the Wheat Board or the Grain Exchange, you call men to give evidence such as Dr. Magill and others; they are not Grain Exchange men, they are statisticians, they give you a collection of facts and data, while the farmers have not got any statisticians. Of course we have men here who come and talk psychologically, and may advance a lot of theories you do not agree with from these figures these other organizations have, and there are certain things in connection with the Wheat Board and things like that that if the farmers had intelligent men to analyse them, the statements made here last year would appear almost entirely different; in fact you will realize that in a week or so, when it comes up in the Manitoba Legislature.

By Mr. Sales:

Q. That is, the statisticians are saturated with the Grand Exchange environment?—A. Yes.

Q. They know absolutely nothing of the real conditions of the men on the land?—A. They do not know that, and really do not know very much about the grain trade.

By the Chairman:

Q. Mr. Grant, your figures are for June, 1921?—A. Yes.

Q. Is there any substantial change between June, 1921, and March, 1923? —A. I am sorry I have not those figures up to date.

Q. Can you give it to us roughly; are the figures about the same as they were in June, 1921?—A. Pardon me; there was an increase in some of the agricultural products last year, so that they will show a little better, but not to any very considerable extent, because you know labour has been going up, labour has risen in the last year, and that reacts on the wholesale prices.

Q. The Eastern farmer is largely his own labour factor or force?—A. I meant the influence of labour on machinery. That has its relative increase on what the farmers buy.

Q. So that although prices for agricultural products may have risen slightly since June, 1921, that rise has been largely offset by advances in other commodities the farmer has to buy?—A. Yes, and in the United States it has been aggravated I understand, that is, the increase in labour and other commodities.

By Mr. Sutherland:

Q. Wouldn't the increase in labour make it almost impossible for the prices of these products to come down?—A. Yes, it would make that almost impossible.

By Mr. Sales:

Q. There has been an increase in the price of machinery; are you aware of that?—A. Yes.

Q. I have some figures here; take a tractor, there has been an increase of $125; separators from $75 to $150, gang ploughs $7, seeders $12, four-horse cultivator $8, disc harrows $6. These figures are taken from the prices quoted in the West by our implement agents.

Mr. HAMMELL: What are the Ford tractors?

Mr. SALES: These are all I have. This list was sent to me from the West by a friend of mine, who says that these are the increases in prices.

Dr. MCKAY: What would be the percentage of increase?

Mr. SALES: I could not tell you that.

The CHAIRMAN: Shall we go on?

WITNESS: I have about a page and a half, and I will then be through.

By Mr. Stansell:

Q. You made a statement a while ago about which I think a little more information would be advisable, in view of the fact that we have had some other evidence by these men to whom you referred, whom you said did not know much about the grain trade?—A. I made it from this standpoint, that they are arguing from figures. I was talking about economic problems in connection with the grain trade as far as our present system of marketing is concerned. When you mention the Grain Exchange, that is not a marketing organization, it is just a selling agency; the crop of Western Canada is not marketed, and they cannot talk along lines like that; they just have statistics. They take September, October, November or some other month and show that it does not pay to sell stored grain from that point. You will find in a week or so that it does pay. There was no one here at the time to show the fallacy of these arguments.

Mr. SALES: I did my best, I know that.

By the Chairman:

Q. As the whole question of the grain trade has been referred to a Royal Commission, we will now proceed with other features of this question.?—A. At first thought the city consumer of farm things is likely to delight in the low prices of farm products and high prices for city products. The farm consumer of city products is equally likely to delight in low prices of city goods and high prices of farm products, but neither can long prosper at the expense of the other. (Members: Hear, hear.) Even allowing for the drop in wholesale prices there is a 13 per cent spread between wholesale and farm prices. If the farmers canot buy, cities cannot sell, and unemployment is the result. Neither industry nor agriculture can progress in a normal way until the relative prices become adjusted at some comparatively stable price level. This would occur if all prices and wages went to a pre-war level, which farm products have nearly reached. The adjustment which seems likely to occur and the one that would appear to cause the least injustice is to have the very low prices rise and some of the very high prices drop, so that adjustment is made at a price level considerably above the pre-war price.

The general depression is practically world-wide. Credit expansion and unusual demands caused the great rise in prices. Very large production, the break-down of the buying buyer of European countries, and the fact that the credit limits of our banking system were reached, all helped in causing the industrial depression. There would doubtless have been depression in any event, but the serious break-down in the farmers' purchasing power has had much to do with the severity of the situation.

Encouragement of exported farm products will do much to re-establish the buying power of farmers. For some years a study of world supply and demand for farm products will be of unusual importance in Canada. Until the future demand is known, it seems desirable not to make too violent changes in our agriculture. If European demand is to return, a policy of financing exports and developing co-operative marketing is better than a readjustment of farming only to have to change back when the demand returns. In any event the individual farmer may well turn to more nearly a self-sustaining system of farming. They are forced to a system of retrenchment. Drastic reductions in business costs and living expenses have been necessary, a policy of making the farm produce more of the food for the family, and otherwise becoming more self-sufficient is necessary.

The Outlook for 1923

The increasing value of farm products towards the end of last year augurs well for the future. However, there is one aspect of the situation which does not appear as advantageous to the economic interest of the country. Industrial wages are tending to increase. For organized labour to demand the re-establishment of the highest wages of the boom days while buying farm products upon the present level will be an effort to perpetuate an unfair advantage and deprive the farmer of the moderate gain he has made in the past year.

The CHAIRMAN: This has been very interesting. It is about one o'clock now; shall we adjourn and come back this afternoon for half an hour or so?

Mr. SALES: I have only about two questions to ask of Mr. Grant.

Mr. MILNE: There are some questions I would like to ask in reference to some of the statements he has made here to-day.

The CHAIRMAN: Or shall we adjourn until after the Easter Recess? If we get putting questions to him it is hard to say how long we may take. It is for the Committee to say. Can you come here this afternoon at half past three, Mr. Grant.

WITNESS: Yes, sir, certainly.

The CHAIRMAN: All right; we will adjourn now until half past three o'clock.

(The Committee adjourned at 1 p.m. until 3.30 p.m.)

Afternoon Session

HOUSE OF COMMONS,
COMMITTEE ROOM No. 268,
WEDNESDAY, March 28, 1923.

The Special Committee appointed to inquire into Agricultural conditions throughout Canada resumed at 3.30 p.m., the Chairman, Mr. McMaster, presiding.

H. C. GRANT recalled.

The CHAIRMAN: We called you back, sir, for the purpose of questioning you, and of getting more information. Mr. Milne, you are familiar with the situation in Manitoba, and I would be glad if you would take the witness in hand, and get some more information from him for the Committee and the country.

Mr. MILNE: While I was at luncheon, I happened to take up a local newspaper in the district about which Mr. Grant is speaking, and reading the advertisements, I came across one from the Waskada district to which Mr. Grant refers in his report. (Reads):

> "Farm to Rent. First half of 18-2-24 will be rented for the season of 1923 on condition that the tenant will take the entire crop and pay the taxes for this year. There are good farm buildings on the place and considerable hay. Parties interested please write or see M. S. Colquhoun, Deloraine, Manitoba."

Mr. SALES: Does that mean that he wants no return?

Mr. MILNE: He can get that farm apparently by paying the taxes.

Mr. SALES: Are you personally acquainted with him, Mr. Milne.

Mr. MILNE: I am not, but this advertisement appears in the paper of the district to which Mr. Grant refers, and I thought perhaps Mr. Grant would know something about it.

WITNESS: I know nothing about it, except that it is in the midst of the district. I know Mr. Colquhoun, he is a lawyer, and may be acting for the party.

Mr. MILNE: The farm is two miles from an elevator.

The CHAIRMAN: You westerners glory in your tribulations.

Mr. SALES: We do not glory in our tribulations, but we do glory in the fact that it is proved we have been speaking the truth when we described those conditions. It is very hard to convince gentlemen down east in regard to those conditions.

Mr. MCKAY: That must be a very exceptional condition.

Mr. MILNE: The same paper has four mortgage sales advertised.

Mr. HAMMELL: During the luncheon hour, I had some conversation with different parties, among them was a gentleman who had been talking to the representative for Portage la Prairie. I believe that he called attention to this, that you had given the price of wheat at $1.41, while he says there must be some mistake, that it should be $1.01. You are absolutely sure of your figures?

WITNESS: Yes.

By Mr. Hammell:

Q. It is $1.41 and not $1.01?—A. Yes. You will understand that probably where Mr. Leader misunderstood was that I did not have the figures for the average summer fallow in that district, when I was there, and when he says that the price was $1.01, that might be his figure without the summer fallow you see.

Q. That may be an average figure?—A. No, Mr. Leader was at the meeting, and I figured out, when I got back to the College I found from my survey that the summer fallow charges were not included that day when Mr. Leader was there.

By Mr. Gardiner:

Q. You were merely giving a summary report at that time, and it figured out at $1.01 per bushel, and all charges were not included?—A. Mr. Leader was there and the rest of the farmers, and some of them said "I have so much summer fallow", and others said "I have so much of this and so much of that". I said "I will take back our survey report," and I went to the College and got the survey average and took one-third off those charges.

Mr. SALES: I was talking to Mr. Leader at noon, and I inquired as to Mr. Grant's reliability; and Mr. Leader said he was at the meeting, and he thoroughly agreed that Mr. Grant was trying to give a correct version of conditions at that meeting.

Mr. HAMMELL: I was not questioning his reliability. I though possibly there might be some mistake as between $1.01 and $1.41.

The CHAIRMAN: There is not one of us infallible, nay not even the youngest amongst us.

The WITNESS: That answers that question I think. I did not include the summer fallow charge because I did not want to take their statement for it then. A number of them were in the hotel in the meeting, and they called me over and said: "We are not satisfied with this; you have not included summer fallow".

By Mr. Sales:

Q. You made the statement that the productions of the farms have been practically doubled, in the paper you are going to present?—A. Yes.

Q. How much wheat do you think one man alone can produce, have you any idea?—A. I have never thought an answer to that question. You mean how much land can he handle?

Q. Absolutely.—A. I do not know but as long as we figure out on that basis in the West, that is bushels per man and not bushels per acre—that is what we are doing in the West now, and that is what we have insisted on in the past.

Q. What would you say was the average consumption of wheat per head of the population?—A. You mean in Canada?

Q. Yes?—A. I am not sure; I think it is something like nine bushels.

Mr. HAMMELL: The total consumption is about 70,000,000 bushels for the whole population, that would be about 10 bushels per head.

The WITNESS: I thought it was nine something bushels.

By Mr. Sales:

Q. Do you think one man can handle 100 acres?—A. Yes.

Q. Do you think he can handle 150 acres?—A. I would not say he could handle that.

Q. This is the point I am trying to get at. At 10 bushels per head, one man can easily produce enough to keep two hundred people, and then finds it difficult to exchange that to buy the necessaries of life and to pay his taxes and all the rest of it. That is the position I am trying to get at, and there is something wrong there. Do you agree with that?—A. I have not thought of that question.

Q. There is another theory which is quite prevalent down east. They have a lot of funny ideas in the East about us going to California, that we are simply mining our land by growing long crop grain; and the idea prevails that there are farms in the West that have not got a cow or a chicken, and buy tinned milk and buy their eggs and butter. Would you say that that is a general condition?—A. No, it is not.

Q. Have you ever been on a farm of that kind?—A. No, I never have; I never came in contact with any except up in the Peace River.

Q. The fact is that mixed farming is carried on to a greater extent than the people down east imagine?—A. Yes. That is, I think our ideas of mixed farming, in the West, differ somewhat from theirs. When you speak of mixed farming, from a straight farm manager's standpoint, I would not say mixed

farming; but the theoretical way of determining mixed farming, whether it is mixed farming or grain growing, is to take the average receipts, and if you have 51 per cent of your receipts from live stock that is mixed farming, live stock farming. But if 52 per cent or 53 per cent is grain growing, that is grain growing. That is the theoretical way of determining the kind of farming.

By Mr. Elliott:

Q. On that basis, how many farmers are engaged in mixed farming in the West, taking your statement as a basis?—A. A very small percentage. But here is the point—we admit that—but is it a practical impossibility to go into mixed farming in the West?

Q. I was not arguing that; I do not want the impression to get out that you people were engaged in mixed farming?—A. That is true, I would not either.

By the Chairman:

Q. May I sum up what I understand to be the gist of your evidence? Am I right in stating, Mr. Grant, that the bulk of the farmers in the West devote their attention primarily to the growing of cereals, but that a large number of them keep cattle, chickens, and raise garden stuff, so that they have a good deal of their living off the land?—A. Yes.

Mr. SALES: I would like to put it this way: The man is engaged in growing grain, and the family are engaged in growing the garden stuff, and the chickens, and the milk and eggs. That is nearer the truth.

The CHAIRMAN: Is not that the condition of every country, that a great deal of chicken raising and looking after the animals is done by the women on the farm?

Mr. SALES: Yes, I think that that condition will apply to all the farms in Canada.

Mr. ELLIOTT: That is so far as milking goes, but not looking after stock.

Mr. HAMMELL: Gathering eggs.

Mr. SALES: And looking after the garden.

By Mr. Milne:

Q. In the matter of changing our system of farming, do you think you have sufficient data to convince you as to what changes should be made, and where those changes should take place?—A. No.

Q. Do you think there is any information available in the Dominion, on that point, or is it just purely theory in making those recommendations?—A. I would not say; it all depends on what recommendations you mean.

Q. Recommendations in certain areas in the west to grow more live stock, or to go into the dairy business.

Mr. ELLIOTT: You refer to the experimental farm reports?

Mr. MILNE: Yes, or what areas are suitable. Can you make the broad statement that Manitoba should go into the raising of beef, for instance.

WITNESS: Here is the difference. You might say that an animal husbandryman makes the statement that it is best to have a better sire in order to have better beef for market. That is true enough—we will grant that—but unless something that has been shown by demonstration is incorrect, that increase in the quality of the goods, and the increase in his capital invested on account of his buying better stock are equalized. When you take the whole thing through to market, then he gets a better price for it, but it is not a proof that it is better for those farmers to go into purebred stock.

By Mr. Sales:

Q. The whole thing being, "will it pay?"—A. Exactly.

By Mr. Hammell:

Q. And Mr. Grant, I would like to ask this question. Who are the most prosperous farmers to-day, who have stood the last three years of depression the best, the purely grain farmer or the man who has mixed farming, not necessarily pure bred?—A. The people who have come through in the West are those who have been meeting their grocery bills and the like of that with butter and eggs and stuff of that nature.

Mr. BOUCHARD: The best answer to Mr. Milne's question will be survey work and after that you will be able give conclusions; that is why this Committee should make a very strong recommendation in order that this work should be undertaken by the Federal Department of Agriculture. That would make for uniformity.

By the Chairman:

Q. That is a suggestion you made before the adjournment, Mr. Grant.—A. Yes. I realize, you might, say the incompleteness as well as the limited scope that my investigation has covered, but if my word to you here—if I could establish the principle of conducting an investigation along this line, and you believe in it, I feel that as far as my part in it is concerned that it is worth while.

Q. Do you think that your investigation, limited in scope as it has been reflects a truthful picture of the conditions in Manitoba among the rural communities, in those parts of the Province where you made it?—A. Yes, I think it does. I feel this, of course—what I mean is that this was so small, you see what I mean, I feel that we would have to have really a larger number of farmers before I would like to say that this is absolutely a criterion of conditions.

Q. You are prepared to admit that from a statistical standpoint your field of investigation has been too narrow?—A. Yes.

Q. Still, as an observer of these things, you are prepared to state that the picture drawn is an accurate one; is that right?—A. Yes, I believe that from my opinion and knowledge of conditions, rather than from the actual inferences I draw from the figures I have supplied here.

By Mr. Sales:

Q. Just how far away are these districts; how far is Deloraine from Portage?—A. Deloraine is about 130 miles from Portage.

Q. And then Waskada?—A. Waskada and Deloraine are about 12 miles apart, but there is quite a difference in the soil and geography of the country there.

Q. That is, between Waskada and Deloraine?—A. Yes.

Q. And quite a difference between those and Portage?—A. Absolutely yes.

Q. Your conclusions are, as I take it, Mr. Grant, that the farmer cannot hope to get a much better price for his products in the markets of the world than he is getting to-day, and that if his cost of production is to be reduced, it must be reduced by the reduction of the cost of the things which he has to buy, and which enter into his production. Now, I mean, machinery, clothes, boots, shoes, all the necessities of life which he must buy, and the distribution of these, and lowering of the cost of transportation, seeing that he is so far away from the markets; these are the things which must be done.—A. Yes.

Q. You will agree to this, that he cannot get up very much earlier in the morning, he cannot work much harder, and he has to go to bed sometimes?

The CHAIRMAN: Will the stenographer please make a note that the witness is making signs of assent, but that does not appear on the record.

By Mr. Sales:

Q. I am going to ask him whether he agrees with what I say?—A. Yes, I do.

By Mr. Milne:

Q. Might I ask you about the marketing of these things; do you think we have the marketing down to a scientific basis at the present time?—A. I think our marketing is the most unscientific part of our farming.

Q. What is your opinion as to the assistance that the Marketing Department here is giving to the western farmers; that is under the existing conditions?

The CHAIRMAN: "Marketing Department"—what do you mean, connected with the Department of Agriculture?

By Mr. Milne:

Q. Yes.—A. As far as the Dominion government is concerned, you really have not got a Department of Markets; you have a Department of Market Information, and a great deal of that is given like stock quotations, it is not presented in a popular way for the farmer, I do not think. That is my own opinion of it.

Q. At the present time, do we not have quotations, say, of the Winnipeg Live Stock Market, the actual sales that took place, and then in the same column, we have about four or five inches of a report from the Department? What is the value of it?—A. Here is the way the reports come; for instance, the dominion live stock representative at the Winnipeg Market reports that the sales there to-day were so-and-so, and so-and-so. There is no report comes out, no disinterested report comes to the farmer as to wheat being marketed at such a rate, or live stock, and as to the world's supply, for instance. It does not touch marketing in the United States, nor consumption, not does it give him any information as to whether it is best for him to ship his cattle under the market at the present time. For instance, here is the United States government; they have a sort of little magazine which they publish, called "Markets and Weather Reports", which is issued every week, I think, and it interprets market trends in a disinterested way for the farmer; we have no interpretation of market trends, and world conditions, as far as that is concerned, in Canada.

By the Chairman:

Q. Take market trends on wheat. Does it not happen that operators of equal skill will often interpret the future trend of the market in diametrically opposite ways?—A. Yes, I think that is true, but when I say "interpret", I do not mean that the Dominion government or any government should say it is best for you to sell your stuff now, but if they would show to the farmer or whoever it is out West or anywhere the state of supply in other countries, and in our own country, the flow to market, and things like that, he would be able to use his own judgment. For instance, the Dominion government does supply that information in connection with the produce trade, eggs and butter and the like, but that goes to the produce merchants. It is a good thing for them, they get the information, but of course the farmer does not get that, and of course he is not a big shipper in poultry and produce anyway, but he is a big shipper in wheat.

By Mr. McKay:

Q. How does the Dominion government get this information?—A. When I was stationed in Calgary, I sent them a market report two or three times a week, as to the market quotations in Calgary; then they had the receipts from the produce companies and the cold storage receipts, and the export shipments, and they have interprovincial inspection of eggs, and they report that. But, as I say, the produce men get these reports, that is, the dealers.

By Mr. Milne:

Q. Then you say that this information is more for the benefit of the produce men than for the producer?—A. Yes, I think that is a true criticism, a fair criticism.

Q. Do you think it would be possible to get out a report that would be of any benefit to the producer, that would give him an idea of what products there was over-production in, and so on, give him an idea whether he should get a few extra brood sows this year, or next; do you think there is any possibility of anything like that?—A. I think there is, because the trouble we have out in the West in connection with going into hogs and things like that, we have been sort of stampeded in by our own ignorance in connection with whether it pays to go in for hogs and the like of that, and a lot of people got caught, and lost.

By Mr. McKay:

Q. Does not the whole thing resolve into whether or not it is possible to regulate the market? An increase in price, if anything, will immediately lead to a glut, if the material is available. That is the history of all marketing. If there could be a stabilization of prices, and an equalization or spread of material, that would be a way of maintaining it, but the world is a big place. —A. You know they have done something of this kind in the United States. They controlled, actually controlled, corn production last year, and their cotton production, just by dissemination of such literature as we are talking about now.

Q. The cotton trade would be in very few hands.—A. I do not think so. It is no more segregated as far as area is concerned than our wheat district in Western Canada. The corn producers are the same, and the American papers now are carrying out a campaign to control corn production for this year.

By the Chairman:

Q. May I point out the danger of that, Mr. Grant. I know a Member of Parliament who, two or three sessions ago, as a member of the Agricultural Committee listened to a lecture delivered by one of the foremost production experts in the country, a gentleman who had been the head of a large agricultural college in Eastern Canada, and who had a great reputation as a man who knew about agricultural production all over the world. This gentleman told what splendid times there were in Canada in front of our farmers, how the world was hungry for our wheat and our hogs and our beef, and this Member of Parliament—who was not a farmer, but a professional man—went around the rural country which he represented and repeated this lecture, and told with enthusiasm what a splendid thing it would be for farmers if they only increased production, and within six months the price of agricultural products had tumbled down and down. Would not a Government which would depend upon their experts, run just that same risk?

Mr. ELLIOTT: Was he elected?

The CHAIRMAN: Yes, he was re-elected.

The WITNESS: I would not call that man an expert. I would not say that this advice should be given by one man. I think I have an idea whom you are speaking about. There is just the point I am going to get at. We go on this man's say-so. Let us get down to the actual position of this thing and do not let their imaginations carry them away.

By Mr. Milne:

Q. The point I was trying to get at was, is there any way of diverting in another direction before the producer suffers all these losses?—A. You must not divert that man just on sentiment. You must divert him on actual information.

By the Chairman:

Q. It seems to me, and you will correct me if I am wrong, that if the Government is going to attempt to direct into what channel the producers of natural products should direct their energies, the Government has to presage or prophesy what conditions are going to be four or five or six months in advance, in some cases a year in advance or three years in advance?—A. That is probably true, and here is the funny part if it, as I see it in connection with our Government establishment. We are primarily an agriculture country. We have trade commissioners going out to Bermuda, Vladivostok and other countries trying to drum up hardware sales and other sales. Why have we not got agricultural representatives in these countries? We have not got those men.

By Mr. McKay:

Q. You will admit that the manufacturer of certain lines may have a regulating influence on their output?—A. Yes.

Q. Manufacturers of certain lines of goods can regulate their output to a certain extent?—A. They can regulate that. They have regulative powers that are not in the hands of farmers, never were and never will be.

By the Chairman:

Q. Is it not true you are a co-operator with Providence?—A. Yes.

Q. And a very large crop might bring down the price?—A. That is true enough.

By Mr. Sales:

Q. There is something else besides that?—A. May I say in that connection with Dr. McKay's statements we are now the largest wheat exporting country in the world and if we are going to develop Western Canada as we hope to do and will do we are going to increase our position in the world markets. Now we certainly have to anticipate something in the nature of establishing export conditions in the line of marketing this wheat. We should try to do something at least to anticipate another calamity of a bumper crop.

By the Chairman:

Q. May I make this suggestion. I gather that Mr. Grant has some ideas about marketing, and as this discussion was casual, I should perhaps ask him to give us his ideas about marketing. We can do all this without the witnesses being here, but if we bring witnesses from a considerable distance we should try and exhaust their supply of information before taking up the discussion ourselves. I am in the hands of the Committee, but it strikes me that way.

By Mr. Sales:

Q. I was going to point out that the farmer is in a different position to a factory. You may close down a factory but you cannot close a farmer down. We grow wheat because we have the facilities. It is followed in rotation by oats and barley and so on. Our cattle business is different. With hogs we can do differently. You can easily get into that, but here is the point: we do this blindly. Wheat comes from the ground and is paid for. Never mind whether the world needs it or not. We breed hogs, no matter whether the buyers are stocked to the roof with bacon and hog products. We breed them independently of anybody on earth.

By the Chairman:

Q. Let us have your views on marketing. You have some. Have you been thinking about these things?—A. I may say I have views on marketing, and it is a large subject and I do not know just where to start. Probably I had better start with my connection with the market, and it may lead to some questions. You possibly know the Dominion and Provincial Governments have been co-operating in Alberta with a view to establishing a co-operative market, in connection with the smaller products, poultry, eggs and potatoes. I was connected with that work in Alberta. Now, if you would like to know—

Q. Go ahead. That is what we want.—A. This is in connection with marketing.

Q. Tell us what they do in Alberta. That is co-operative. I have not heard about that?—A. Well it is called the Egg and Poultry Market Service, the Government Egg and Poultry Market Service.

By Mr. Bouchard:

Q. Federal or what?—A. Federal and Provincial. The Provincial and Federad Governments pay the salaries of the men who direct this work and the handling charges of all this produce is taken out of the sale of these goods. In other words, the Government subsidizes, to the extent of paying the expenses of men along the line of educational grants. The Government has established two receiving stations, one at Calgary and one at Edmonton. They go out into the country and organize egg marketing associations in a district, say for instance at High River. They ship their eggs; they form an association and they ship their eggs into the Government receiving station at Calgary. The Government receiving station grades those eggs according to the Canadian standard, first's and second's, and they pay the producer on a grading basis. It is something that is very seldom done anywhere.

Q. It should be done in your view?—A. Not only that. They pay them on a grade basis. They also sell them on a grade basis. These extras go to Vancouver and probably the one's come to Toronto; the extras may come to Toronto and the two's are sold to the consumers of Calgary.

Q. On the principle of always treating your own folks worst?—A. The fact is we could not sell the one's and the extras to anybody in Calgary. Take the farmers, shipping eggs into Winnipeg or any other city, say, at this time, from now until July—those eggs come in and the produce men might buy these in two ways, what he might call "loss off" or "case count." "Loss off," he handles the eggs, if there are any bad ones or any broken ones, he deducts that from what the country merchant gets, so he would say, "I will give you so much 'case count' and take a chance on it." Now, he handles the eggs and takes out the extras and one's, for this reason, that those are not eggs that will stand up in storage. These are not eggs that a discriminiating market like London, Boston and Vancouver will buy. The two's, he puts on the market as fresh

eggs from the country. They are fresh from the country to the extent that they are fresh from the country; they have just arrived.

Q. They were not laid in a back-yard of a city?—A. They are any eggs fit for human consumption. For instance, you read our export sheet, that is, we export about $4,000,000 worth of eggs to the United States, and we import about $2,000,000 worth of eggs. The reason for that is this: we send them the best eggs and we bring back their cheap eggs to take the place of the good eggs we send them. For instance, probably three months ago we were buying United States eggs, cold storage eggs. You will understand from this statement in Alberta that it is not strictly a co-operative organization because there is no sharing of capital in it. We try to go out and organize on that basis, by getting the farmers to give us collateral notes but there are certain principles in connection with co-operation which defied us. That is, the first principle of co-operation, that you must deal in one product. It must be raisins, oranges, eggs, or wheat or something else. You must handle only one product. In Alberta poultry is growing, but at the present time it is just a side issue and we could not get the farmers to put up a collateral note like they do in Prince Edward Island to organize a co-operative association. But here is another principle in connection with co-operation, is that it should at least attempt to raise the quality of the product so handled and give to the consumer a better product. We realized when we were balked in connection with organizing farmers in that way, still that it was in the interest of Canada to have the producer, especially in Alberta, paid on a quality basis, than to give him a premium for the best eggs, so we carried on this organization in the face of quite a lot of opposition from the trade, saying the Government had no right to interfere with their legitimate business, using the taxes in setting up a business in opposition to theirs. We came in on the field in Alberta. They hope eventually now in Alberta to turn over to the farmers after they have established and proven to them that it pays to produce a good quality product and a sufficient quantity of that product. When they have established this in the minds of the people, who are shipping to this association and the industry is growing, the Government will step out and say, "Here, you take this thing over yourselves." There is one principle in connection with co-operative marketing. I think it should be laid down as an axiom that it is not a good thing for the Government to do things for the people that they can do for themselves. You can understand that our basis of working there, to a great extent, was education, that is, we were trying to develop the industry ,through developing a better product and by disseminating this product in Vancouver, and the like, by showing that Alberta had good eggs, we would foster the industry. I think it has vindicated itself. The Government in Alberta, I think, is handling a great percentage of the eggs now, the best eggs any way, so the trade says; the Government is getting the best out of it.

Q. May I ask you a general question at this point: what is your opinion as to co-operation as a method of bettering market conditions in Canada for the natural producer?—A. Co-operation is the only solution, but it must be remembered that co-operation is an ideal, not a force.

Q. That is epigramatic, but not so clear as it might be.—A. I intend to develop it. When things are the darkest the ideals of the people always shine brightest, that is, when you are up against conditions—the people out West are seeking for a remedy, and if they think that by getting people to co-operate, just using co-operation to force the dealer to pay higher prices, or the consumer, higher prices, they will go into it. Then here is the thing, unless they accept that as an ideal, they must co-operate to market their product, this is what happens. So we have had organization—

Q. You talk so fast I can hardly understand you.—A. We have a co-operative organization. The co-operative organization—take eggs for example: they are paying 45 cents for them in that district. The produce trade comes in and if that district alone pays 50 cents, if they used that as a force they jump and they burst their organization, and when the trade have done that in seven or eight places, they have destroyed co-operation as a force, because the people do not have it as an ideal and stock up. Have I elucidated that now? Therefore here is the same thing in connection with the Wheat Board we might say, and that is why those who really know feel that co-operation amongst the farmers themselves for marketing wheat is the only permanent solution. In the first place, they have a single product, practically, in the West, which is one of the requirements; it is the same with oranges in California, or eggs, the organization of which Mr. Shapiro is at the head. But if the people of the West are not going into this thing realizing that they are going to stick together and meet the vacillating supply and demand, and world crop failures and the like of that, they are going to go into it to establish a merchandising organization, differentiating I might say from the Grain Exchange, which is just a selling agency. If they have these ideals, they can make it a success, but I must say that that is what we lack in the West, we have not educated the producer to the fact that it is to his advantage to co-operate to all extents and into all products as an ideal and an actual idea of success. If you investigate the failures of co-operation, I think you can trace them back to just that very thing. For instance, I will cite just one other example in co-operative buying. In a town north of Calgary I asked the manager of a co-operative store how his store was coming along; he replied that it was not coming along very well. I asked him why not, and he replied that tomatoes were selling at 27 cents per can before they started up, and that they reduced the price to 25 cents a can; that the opposition store reduced its price correspondingly, and now the farmers come in and say that they can get them at 25 cents at the general store, and if it comes to a matter of convenience or liking the man in the next store they will give their trade to him. He further said that the store was not paying and that they would have to go out of business.

By Mr. Elliott:

Q. In connection with co-operative marketing, I had an impression from what you said, or in the statement you made that the consumer would ultimately have to pay a higher price, under a co-operative system?—A. I tried to state that he should not.

Q. That is the point I want to get at.—A. I said it must increase the quality to the consumer and give him the price, but if it was considered just as a force it would naturally fail.

Q. I would not like it to go out that the effect of co-operation would be to raise the price to the consumer?—A. No; you must never consider that.

By Mr. Milne:

Q. You believe in the grading system?—A. Absolutely.

Q. Do you think the trade now has a tendency to encourage that, or to discourage it? You made the statement that the trade was getting the poor eggs and the others were getting the good ones?—A. I must say that the attitude of the trade has changed recently, and a great deal of it is just the result of the work done in Alberta. Two years ago you could not get the trade even to listen to you; I tried it and I know, that is, on the establishing of the quality payment for eggs to the farmer, or quality selling to the consumer. I wrote an article in the *Farmers Advocate* on that question about two years ago; I also addressed the Produce Section of the Board of Trade at Winnipeg, and I remember vividly the reception I got from them after giving it.

By the Chairman:

Q. We see in the windows of stores new laid eggs at $1 per dozen, day old eggs at 95 cents per dozen, then in another store new laid eggs at 65 cents. Do those signs mean nothing at all?—A. Nothing at all.

Mr. SALES: And strictly fresh at 60 cents.

WITNESS: It means nothing except the dealer's opinion of the egg, and he might as well brand a sack of wheat without looking at the inside of it.

By Mr. Sales:

Q. It means just about as much as Pure Wool, All Wool, Plain Wool, or anything else?—A. Yes. I might say that I conducted a considerable investigation along that line when I was in Calgary, because I would read an advertisement of fresh laid eggs at so much, probably 50 cents, and I would read an advertisement down town that such and such a store was selling fresh laid eggs at 45 cents, and when I would go down and look them over they would be the eggs we were selling at 32 cents.

By Dr. McKay:

Q. The virtue of co-operation could be defined first from the farmer's viewpoint, the producer's viewpoint, and then from the consumer's viewpoint?—A. I did not get that question.

Q. How would you define the virtue of co-operation; you say the consumer will not pay any more; how then will the farmer get any more? That is what I am getting at.—A. In the first place, he would be paid on a quality basis, that is, if he was producing good quality he would be getting a premium for it, and for poor quality stuff he would be penalized. That is the first test; the second is that he would eliminate certain unnecessary marketing operations.

Q. For instance, the middleman?—A. Yes. I do not say that we are going to wipe out all middlemen. Those that have any useful function, leave them there, while the others would be eliminated. The next is that the consumer would be getting value for what he paid out.

By Dr. McKay:

Q. The man who produced the poor eggs would be getting less?—A. Yes, only it works this way, he might probably be getting less.

Q. If eggs were sold as eggs by every vendor, the man who produced the good eggs under this system would get more than the man who produced the poor eggs?—A. Yes. The trouble under the present system is that the trade gets the benefit of the good eggs, the consumer consumes the poor eggs, and the farmer gets his price based upon the price as they were brought in.

By the Chairman:

Q. Of course all eggs are fresh when first laid?—A. Yes, certainly.

Q. But they deteriorate as a result of unskilful handling as between the producer and the consumer?—A. Yes.

By Dr. McKay:

Q. How is the quality of eggs determined, I mean before they are laid?—A. Food enters into it to a great extent; for instance, in June and July we get weak, watery eggs, because the hens are out eating grasshoppers and green stuff, and that has an effect upon the quality of the eggs. That is why most of the storing is done in March and April and May, because that is the natural incubating period for any bird; hens will lay well then, and the eggs will be at their best.

Q. What effect has food upon the preserving of eggs? Are some harder to preserve than others?—A. Yes. Food has an effect upon the texture of the shell and the yolk.

Q. Also on the fertility of the eggs?—A. Yes.

By Mr. Sales:

Q. Do you know of the conducting of experiments at the Experimental Farm at Brandon, to get at the cost of producing eggs?—A. Yes; I conducted experiments along that line for two years myself.

Q. Can you give us the result of those experiments?—A. We conducted those experiments during the war; we were buying feed which came to about 35 cents a dozen on the average; but that is not fair, Mr. Sales. We were buying feed from buyers in Winnipeg, while the farmer was feeding screenings and the like.

Q. You conducted those for more than a year?—A. Yes, we conducted them for three years during the war.

Q. I understand you have carried those tests on; the latest report as I remember it stated that it cost as high as 29 cents a dozen for feed, and as low as 12½ cents for feed alone, without the cost of buildings or of money invested in hens, while lots of eggs as you know have been sold at 15 cents a dozen?—A. I had a letter from a man last year who was offered only 6 cents in Saskatchewan.

Q. That breaks the record; I have never seen them sold lower than ten cents.—A. I would not go too much on experimental data as far as foods are concerned when you are not feeding the hens feed which is reckoned on the farm value. At Brandon, I do not know whether Mr. Watkins or Mr. McKillop, the Superintendent, figured it in at the value of grain and oats, for instance on what he would buy in Brandon or what it costs on the farm.

By the Chairman:

Q. As a matter of fact, hens on the ordinary farm will pick up a lot of stuff that would otherwise be lost?—A. Yes.

By Mr. Sales:

Q. You can keep a small number of hens which will pick up what might be scattered and wasted, but if you go into a large production, that does not apply?—A. No.

By the Chairman:

Q. As a matter of fact are not hens a better revenue producer as a side line?—A. Taking any division of agriculture, poultry pays the largest percentage of any; but you can only keep about one hundred on a farm, and they do not pay if you keep over that number.

Q. I think Adam Smith pointed that out in regard to keeping pigs. Mr. Grant, we have enjoyed your views upon marketing eggs very much; have you thought about the marketing of other farm products?—A. I have thought a great deal about it.

Q. Are your thoughts in such shape as to be presented to us, because we would be glad to hear them if they are?—A. I published an article two years ago in the Farmers Advocate, when they had a competition as to the best article on the solution of the marketing problem in Western Canada, and my article happened to win the prize. I can give you an idea of what it was. I advocated that we have what is called an association of producers, that is, that each province would have its producers' association to market their products. They would have a local for instance in a town, and the farmers would subscribe a certain amount of stock, a marketing organization. Then they would have a central

marketing organization, for instance, in Alberta or Manitoba, and the outside local would subscribe certain capital stock to that provincial organization. They would have their different departments for marketing live stock and grain. Then we would have a national marketing association, which would be an export marketing association, for the three Western Provinces. That is practically the basis for Mr. Dunning's remarks.

By Mr. Sales:

Q. Would that be pooling the results, pooling the prices?—A. You would get over this difficulty, Mr. Sales, as giving rise to a lot of discussion in connection with marketing in Western Canada, that is, one district has a certain advantage here and another a certain advantage there. You would be making a distribution first to the provincial, and then they would distribute it again to the locals, and that distribution to the locals would be on a basis that when that shipment was received—

The CHAIRMAN: That is to say, when a certain local sent in a shipment to the Provincial Central Agency, that shipment would be ear-marked from that local?—A. From that local.

Q. And in the same way, that ear-marking would continue until it was finally disposed of? Is that your idea?—A. Yes. Our present system of co-operative live stock marketing in Western Canada is really nothing of the kind, it is co-operative live stock shipping. The co-operatives get together and say; "We will ship a car" and they ship it to Winnipeg, and to whom do they ship it? to some business commission men. There is no organization there which will take their live stock and also keep tab on what else is going from Alberta and Saskatchewan, and ship it to Great Britain or wherever it is going. They ship it not knowing who is shipping from other parts. They are simply facilitating shipping.

By Mr. Sales:

Q. Take Winnipeg, with which you are familiar, would you advocate an abattoir, a cold storage in connection with it, the slaughtering of the cattle for the farmers, if the prices did not suit him, the placing of the meat in the storage, grading, on which you could have a bill of lading or rather a warehouse receipt so that he could finance himself on it; the supplying of this meat, the giving of a continuous supply to the butcher so as to render the butcher absolutely independent of the packing houses and the pooling of the price to the farmer?—A. That is an ideal statement of what we would like to have, yes.

Q. What help, in your opinion, if any, should this Government give in establishing things of that kind? You recognize the difficulty of getting farmers together to enter into a thing of that kind. What help do you think should be given by this Dominion?—A. Not very much.

Q. Supervision as to grading?—A. Yes, that is probably where the Government—

Q. Government loans?

The CHAIRMAN: Well now, let us have the opinion of this young man. We want him to tell us what his idea is.

The WITNESS: I think the Government should have supervision and inspection, and probably too the provision of credit, of course on suitable terms and also on suitable security.

By the Chairman:

Q. I am interested in that, and I would like to know how you as a representative of the newer generation from the west—how far do you think the Government should go in its operation?

Mr. MCKAY: Rural credits.

By the Chairman:

Q. The whole thing. We have people in this country who are asking the Government to do almost everything for us, and I would like to know from this gentleman, who has evidently given a lot of careful thought and study to the question, how far he thinks the Government should go?—A. I will repeat that statement, that the Government assistance—if you want to call it assistance—should be limited I think to inspection and supervision. That is as it is now, and from a financial standpoint, credit; that is they should supply credit to an organization of producers, if they so wish to store their product and finance it to market.

Q. That is to say, your view is that it is one of the functions of Government to supply credit to certain lines of industry? Is that your view?—A. Yes.

By Mr. McKay:

Q. On security?—A. I said on security; on tangible goods. Here is wheat or cattle in bulk, and first the farmers would have to back it with their own cold cash to a certain extent and take shares in the co-operative company; otherwise you are not owing any allegiance to the company whatever. Then I think the Government should furnish market information for this export company from, as I suggested, the agricultural attaches in foreign embassies. I think the Government should stop there.

By Mr. Sales:

Q. Is there any reason why the Government should not guarantee the bonds of an enterprise like that any more than it guarantees the bonds of a railway?

By the Chairman:

Q. That is a question I was coming to, whether you think that the policy of guaranteeing bonds of railways in this country had inured to the benefit of the people of this country?—A. Well, in so much as it is permitted to the building of railroads to develop our country—

Q. You think it is wise not to endorse the bonds of a company—I am not asking you to give me an opinion as to whether or not the Government should assist in the building of railways—I am asking you whether the method adopted in this country of guaranteeing bonds or railways by the Government has turned out to be to the advantage of the people, because you are suggesting a somewhat analogous help from the Government.

By Mr. McKay:

Q. Are the two positions parallel?—A. Not altogether.

By the Chairman:

Q. There is some parallel between them?—A. I have a little doubt in my mind as to the analogy.

Q. Supposing there is no parallel, just as a matter of getting your opinion—do you think it a wise policy for the Government to endorse the bonds of a railway company?—A. I am not sufficiently—

Q. I am just asking your opinion, you may be right or you may be wrong.—A. Yes, I think they were justified under the circumstances in doing it.

By Mr. McKay:

Q. Taking the Federal Land Banks in the United States, and the State Land Banks, they are aiding farmers?—A. Yes, I understand the system there.

By the Chairman:

Q. Have you studied that system?—A. Yes.

Q. Tell us briefly what it is, and what you think about it?—A. Of course the bank system in the United States is entirely different from the Canadian system. Their credit is not as flexible. They have a local bank in the district, it may be Farmer Jones' bank.

Q. Is it right to say that since the introduction of the Federal Reserve System, it is not as flexible as ours? That was the idea of the Federal Reserve System, to make it more flexible. In a district, say in North Dakota, the farmers get together to make a co-operative shipment, and if they want an advance on it, and the small local bank cannot finance it, if the Federal Bank can take up their note, they can. That is the system in brief in the United States.

By Mr. Munro:

Q. Is it not a fact that the banks the farmers instituted themselves in the Western States failed in a great many instances? Farmers' Banks established by the farmers themselves, is it not a fact that they mostly all failed?—A. I think—of course that is true in some States of the Union, it is not true of course under the system they have in Germany, but the reason for that in the United States is this, that a few farmers get together to establish a bank, and then they all want money, you see. The German system is the ideal one, as far as the Land Banks are concerned.

By the Chairman:

Q. You have not told us a great deal about the Land Banks in the United States, have you?

Mr. McKAY: I would suggest, Mr. Chairman, that we have some man come here from Washington who understands this.

The CHAIRMAN: That is one of the matters—.

Mr. McKAY: I do not think there is any man in Canada who could give us that.

The CHAIRMAN: I have a letter from a man about that, which I was going to bring up before the Committe. It is from a man who used to be in the Press Gallery here who has been down in the United States studying this.

Gentlemen, there are some matters I wish to discuss with the Committee before Easter. I would like to know whether we have any more questions to ask Mr. Grant, or not.

By Mr. Milne:

Q. Do cold storage plants affect the market in any way? Do they use the cold storage plants to deflate the markets, when it so suits them?—A. I could not say about that.

By Mr. Sales:

Q. Have you given any study, Mr. Grant to the prices this year by the producer and the prices paid by the consumer?—A. I have some data on that in Winnipeg. That is, I have some charts which I use in my classes to show what percentage, for instance, goes into certain costs; for instance, in bread and butter, and things like that.

Q. That is, how much the grower receives?—A. Yes, how much the middleman receives, how much the baker receives, and how much the transportation company receives.

Q. Could you furnish those to us?—A. Yes, I will send them to you, surely.

The CHAIRMAN: Now, of course, we could keep on; we are having a most interesting and instructive time with Mr. Grant, and we could keep on for the balance of to-day and possibly the balance of the week, but I wonder if we should excuse him now.

Mr. GARDINER: Just one question, please. You are fairly conversant with Western conditions. What is your opinion with regard to the matter of increasing production, do you think that the present population of Western Canada could produce much more extensively than they are doing to-day, provided their products were being sold at profitable prices?—A. No, I think that as far as production is concerned, considering the developments that we have made in wheat—what I mean is this, I think production has reached the peak this year, as far as wheat is concerned, with the present population. That is, taking into consideration climatic variations here and there and all over.

Q. I was referring more particularly to this, if the farmer were in a position so that he was reasonably assured that under ordinary conditions he would get a profit, do you think it would be possible for the farmers to increase their production at all?—A. Say, for instance, if the sale of live stock was to be put on a profitable basis, the possibilities of Western Canada are unlimited. Eventually, of course, we will turn into that, just as Kansas and those other states have, and our net returns per acre will go up.

Q. I was referring more particularly, Mr. Grant, to the peak, if we are indeed there. You have given us certain information which shows to a certain extent that farming is unprofitable. My question—I will repeat the question—and that is this, that provided agriculture were put on a paying basis, whereby the farmer, under ordinary conditions, would be assured of making a profit, on his operations, do you believe that the present population in Western Canada, that is the farming population could increase production to any considerable extent, on a paying proposition?—A. There are two things they could do; they could increase the yield per acre, and open up more land, but I doubt whether we will make any great material average increase per acre in wheat and oats and the like of that. I think we have reached the limit of that without application of commercial fertilizers.

By Mr. McKay:

Q. Just one question, please. I expect you have some knowledge of the three Western Provinces?—A. Yes, I have lived in them all.

Q. And you are aware that a good many of our new-comers from Europe are living in groups?—A. Yes.

Q. In your observations with regard to the amount of successful farmers, do you find our own people more successful than those coming from Europe, or vice versa?—A. The whole thing hinges around this; the standards of living are absolutely different.

Q. Are they making money, leaving the standard of living out of it altogether?—A. You cannot do that, there is no comparison. You see, these men have their wives—in some places they almost hitch them to the plow, and they live in hovels.

Q. They must be strong women.—A. Yes, but I would not want my wife to do it.

Q. Can you answer that?—A. That is the only statement I would make.

Q. Would you say the foreigners are more successful by virtue of the fact that they can live cheaper, and have lower standards of living?—A. When you find foreigners in a district where they have adopted our standard of living, opened up their fields, and are farming individually and not communistically, as they do there, they are in the same boat as the others.

Q. What about the communistic farmers?—A. It is pretty difficult to form any basis, because they are herded together in small houses, and you will find them—

Q. Are they meeting their obligations, paying for their farms and paying their bills?—A. The thing is this, that in those places where these people have community settlements, like near Winnipeg and around Beausejour, they are in a district there where it is rocky land and poor land, and they are just living, they are not doing any extensive farming, but they think they are in paradise because they are free.

Q. They are on poor land?—A. Yes, and they are only raising a little hay and some cows, but as far as being a real economic unit in Western Canada, these colonies have very little effect at all. You see, for instance, the Beausejour colony and the Lockport colony, and then you get down to the Mormon colony, the Mennonites who are leaving the country, they have branched out into extensive farming.

Q. Were they successful?—A. They were successful, during the years the rest of us were, but I have had some harrowing tales told to me. I have opened a council in that district, I might say, and when I was down there people were telling me about some of the conditions these foreigners were in.

By Mr. McKay:

Q. You mean their mode of life?—A. No, their farming, their financial standing.

By Mr. Sales:

Q. Are you intending to continue this work next year?—A. Yes, I have accepted a position as Assistant Professor at the Agricultural College.

By the Chairman:

Q. What is the chair you hold there?—A. In Farm Cost Accounting and the Farm Management.

Q. Farm Cost Accounting and Farm Management?—A. Yes; it is a new department.

Q. Pardon my asking a personal question, but what year were you born in?—A. 1897.

By Mr. Sales:

Q. Do you intend to publish this, or get the Government to publish it, or what is going to be done with all this data?—A. I do not know whether I can have the Government publish it or not; we are pretty poor in Manitoba, and I do not know whether they would publish it or not, and I have not decided on that, because I feel myself that the work is not as comprehensive as I would like it to be, and I do not want to publish this as an actual authority. I would rather feel my way along and after I have accumulated more data and established my method, probably then I will publish something.

The CHAIRMAN: Any more questions, gentlemen? If not, I wish to convey to you, Mr. Grant, the thanks of the Committee for your attendance here and the very valuable information you have given us.

The witness retired.

[Mr. H. C. Grant.]

APPENDIX No. 3

The CHAIRMAN: It seems to me, gentlemen, that after Easter we should roughly apportion our time between the four main headings which we have decided to devote our attention to, namely, production, the cost of the commodity to the agriculturalist in comparison to what he got as a producer, rural credits, and marketing, and my suggestions would be that roughly we should give a week to each of the four subjects, because soon the Budget will be coming on, and we want to make our report, and we do not want to be engaged in this Committee right to the end of the session. Would you gentlemen consider it wise to endeavour, as accurately as you can, to devote a week to these four subjects. That will bring our committee work to a close about the 10th of May.

Mr. SALES: That is four days to each subject?

The CHAIRMAN: Yes.

Mr. SALES: I do not know whether we can get anything, I am sure, in that time.

Mr. MUNRO: If you do not confine it to a certain time we will not bring a report at all.

The CHAIRMAN: We have a subject, gentlemen, which we can, with profit investigate for a whole year, and I merely suggest one week to each as a rough and ready way of putting it. Then, it is decided that we shall, as soon as possible, devote the week beginning the 9th of April to the subject of production, and the week beginning the 16th of April to the subject of the difference of cost between what the farmer has got to sell and what the farmer has got to pay; the week beginning the 23rd of April to rural credits; the week beginning the 30th of April to the subject of marketing. I may say, gentlemen, that the witnesses that we will call will certainly be examined on more than one subject, and it will interlace more or less; we cannot help that. I think before I go further I should ask your views as to whom we should summon for the 10th. I think that is the first thing. I am going to make a suggestion that you allow me to write to one of the Quebec experts, as I think it would be a wholesome thing for the country to let them know that the Province of Quebec and the French language was receiving some consideration in this Committee, and with your permission I propose to write to a professor in a college near here and ask him to be here on the 10th. I have already written to two other gentlemen asking them to indicate the day they will come.

Mr. SALES: I sent a wire to Dean Rutherford, but have not received an answer yet.

The CHAIRMAN: I think we might ask Mr. Cummings to be here from Nova Scotia on the same day.

Mr. HAMMELL: Was Mr. Leitch not to come back again?

The CHAIRMAN: Yes, sir. Shall we ask him for the same day, or the next day?

Mr. HAMMELL: Better make it the next day.

Mr. SALES: What about a man from Alberta on production, Mr. Gardiner?

Mr. GARDINER: Anybody at all who is a capable witness with regard to production.

The CHAIRMAN: We will put Professor Leitch down for Wednesday on general production. Have we any more apple men? I have a letter from the secretary-treasurer of the Canadian Agricultural Council, suggesting several names, a Mr. Baxter and a Mr. Bishop among others; if we are having Mr. Cummings of Nova Scotia I do not think we need to bring up Mr. Bishop.

Shall I call Mr. Baxter for Wednesday also, or have the apples been considered enough? I think myself we have devoted quite enough attention to that. We have had people from British Columbia, and Mr. Scripture from Ontario, and Mr. Cummings will be here, so I think we have done sufficient in that line.

Mr. MUNRO: I would suggest that Mr. Leitch come prepared to discuss the cost of producing dairy products.

Mr. MILNE: I think Professor Leitch will have information on a good many subjects.

The CHAIRMAN: I will tell him we are anxious to get the cost of dairy production, and all other information on general production.

Mr. HAMMELL: In regard to the dairy products, I notice that there was a statement in one of the farming papers a couple of days ago where comment was being made on this Committee. It said that the cost of milk was 5 cents to the producer, but 11 cents to the consumer, leaving the inference that the other 6 cents could not be accounted for.

The CHAIRMAN: Should we summon for Wednesday Professor Sissons?

Mr. HAMMELL: I have in mind a practical man, the manager of the Farmers' Dairy in Toronto, Robert Hughes.

The CHAIRMAN: We had better have them both. Let us ask Professor Sissons or Leitch? Will Professor Leitch be enough for one day? I have only Professor Leitch for Wednesday.

Mr. SALES: There is also Mr. Henry, president of the Ottawa Producers' Dairy Company who owns a large dairy farm out about nine miles away. We could get him for both ends of the question.

The CHAIRMAN: We could have the Toronto City Dairy and the Pure Milk Company of Montreal, and the Producers' Dairy from here, and that would give us the three large cities. Should we do that?

Mr. HAMMELL: While this company in Toronto is called the Farmers' Dairy, it is not purely a farmers' dairy.

The CHAIRMAN: Shall we summon for Wednesday, then, Professor Leitch, Professor Sissons, Mr. Hughes, and Mr. Henry. Now, had we better wait till Tuesday before summoning any more?

Now, gentlemen, let me bring this before you in connection with Rural Credits. I have a letter from Mr. Tom King, who used to be in the Press Gallery. He says that he has been examining into questions of the organization of rural credits in the United States and says as follows:

> "I paid a good deal of attention to the banking currency question, and during the past two years I have been following rural credit legislation hearings almost everywhere in Washington."

And he suggests that he might be called as a witness, and says the only thing that he wants, is his expenses. I would suggest that we call him, gentlemen That is, Mr. Thomas King, 2429 Ontario Road, Washington, D.C.

Mr. GARDINER: He will be called during the week to be devoted to Rural Credits?

The CHAIRMAN: Yes, quite so.

I had a communication from the Single Tax Association of Toronto, who asked me whether a communication from them would be considered, and I said it would. The Maritime Stock Breeders' Association wrote to me from Truro, N.S.; the letter is signed by a Mr. Blanchard. This Mr. Blanchard said he would like to get a hearing before our Committee. I do not know about that,

because I do not like to bring a man from a long distance, unless his evidence is valuable.

Mr. SALES: What does he want to appear on?

The CHAIRMAN: He wants to tell us how much money is being wasted in misdirected efforts in these Maritime Provinces, particularly in Nova Scotia. I will read the whole letter:

"The Chairman, Agricultural Committee,
House of Commons,
Ottawa.

My dear Sir,

Enclosed you will find telegram which speaks for itself. I have been actively engaged in dairying for over forty years in Nova Scotia, and am confident I can show your Committee how much money is being wasted in the misdirected efforts in the Maritime Provinces, particularly in Nova Scotia. I would like to get a hearing before your Committee.

Very truly yours,
C. P. Blanchard."

and he writes on the paper of the Maritime Stock Breeders' Association. There is just one advantage we might have; he is a practical farmer, and there has been some criticism that we have had too many experts and not the men who have been actually doing the work, the dirt farmer, as Mr. Caldwell calls him.

The Committee adjourned.

HOUSE OF COMMONS,
COMMITTEE ROOM 268.
TUESDAY, 10 April, 1923.

The special Committee appointed to inquire into Agricultural conditions throughout Canada, met at 11 a.m. Mr. McMaster, the Chairman presiding.

The CHAIRMAN: Will the Committee come to order?

Gentlemen: We arranged to have Professor Toupin of Oka, give evidence to us to-day; and Mr. Cummings, the Secretary of the Deparment of Agriculture in Nova Scotia, also. It is merely the modesty of the people of that Province that prevents him being called Deputy Minister, as he would be in the other Provinces.

But we have also present with us a lady and a gentleman from Saskatchewan, and as they are anxious to go home, I propose that we hear them first. They promised, through their protector, Mr. Sales, that they will not be long, and we feel, as one of the members suggests to me, that ladies should be first. We will ask Mrs. McNaughton to come forward.

Mrs. JOHN MCNAUGHTON, of Harris, Sask., called and sworn.

By the Chairman:

Q. Possibly, Mrs. McNaughton, you would prefer to make a general statement first, and to answer our questions afterwards?—A. Yes, I would prefer that.

Q. Will you tell the Committee in what representative capacity you have come before us?—A. I am one of the members of the Committee sent by the Canadian Council of Agriculture.

Mr. Chairman and Members:—

I was appointed a member of the Committee of the Canadian Council of Agriculture to make a short statement to this Committee re rural conditions on behalf of the large numbers of women members in the Associations which comprise the Council.

I wish first to present to you the 1922 annual survey of farm homes made by the United Farm Women of Manitoba and presented to their Convention in January, 1923. The survey covers 307 farm homes in Manitoba and shows that out of the 307 homes:—

176 or over half of the homes surveyed have no water in the kitchen. A prominent engineer, after having made a careful study of water supply situation on the farm, makes the astonishing statement that many farmers' wives lift a ton of water a day.

37 of the homes possess baths.

1 home was 120 miles from a hospital.

2 homes were 90 miles from a hospital.

18 homes were 80 miles from a hospital.

17 homes were 50 miles from a hospital.

64 between 20 and 50 miles, leaving practically two thirds within a 20 mile radius.

By the Chairman:

Q. May I interrupt to ask, whereabouts were these farms, in Saskatchewan? —A. No, this is Manitoba. A rural survey made by the United Farm Women of Manitoba, from Manitoba at large. It is drawn from various sections. The size of the homes averages 7 rooms.

The number of children averaged 3 to 4. 15 out of the 307 women have domestic help all the year, thus showing the vast amount of work accomplished by one pair of hands in the various homes.

Only 34 women did no canning.

25 per cent of the homes have power which does not, (except in four instances), extend beyond the washing. Five women have gasoline irons, five have electric irons, one has a mangle, two have bread mixers, and two vacuum sweepers.

One-third of the homes possess furnaces. 243 women reported the use of coal oil lamps, while 21 reported electric light. Cellars are to be found in these homes, but few reported basements. Only 15 out of the 307 women do not do sewing. The majority of those who do sew, do it all.

25 per cent of the women report "No outside chores," while half of the women reporting do part or all of the milking. 45 per cent report looking after the gardens, poultry, and chores in general, while a few include the care of pigs. The majority wash for the hired man.

35 per cent of the women reporting never get a holiday. Only in rare cases do the proceeds from the dairy and poultry finance the home.

80 per cent of the farms reported have cars. 23 per cent of the women can run the cars. Only 48 homes are without music of some kind, and books and papers in these homes range from one to seventeen.

88 per cent of the farms reported are owned. 85 per cent are moderately sized; that is, three quarters of a section and under.

Q. If I may interrupt you again, will you tell us how these were chosen? Are they representative?—A. Yes.

Q. If representative, how was the representation established?—A. I understand that the secretary, or a Committee of the United Farm Women of Manitoba arranged a questionnaire, and the Committee broadcasted it, at the request of the United Farm Women of Manitoba, and this has come in from the various parts of the Province.

Q. Your contention is that these facts that you put before us give us a true reflection of the Province generally, and not any certain part of it?—A That is just what I was going to comment on, if you will pardon me. This survey was read and discussed, I understand at some length—I do not know whether any of the Manitoba people are here to tell you—at the convention of the United Farm men, and the United Farm women, of Manitoba in Brandon in January last; that is the joint convention. The convention as a whole heard this survey read, and then discussed it at some length, and the report was adopted as being, I understand, a very fair representation of rural conditions in Manitoba. So you see, apart from the survey being made, it was discussed by the large annual gathering of the farmers. As I have said, I do not live in Manitoba, but I am including this survey as on account of it having been passed by that convention I think it may be regarded as evidence.

Q. You might state whether, from your knowledge of Saskatchewan, which is your home, you would think that survey a fair reflection of life in Saskatchewan as well?—A. Speaking from eleven years' experience, during which time I have travelled over a great portion of Saskatchewan, I would say that I do not think a similar survey made in Saskatchewan would show as good conditions existing in farm homes there.

Particularly as regards the proportion of homes supplied with water, with furnaces, and in the number of rooms. I believe a Saskatchewan survey would also show a greater proportion of farm women engaged in poultry raising, gardening, and chores generally.

That is speaking from eleven years' fairly continuous travelling. I think there are gentlemen here who will bear me out that I am quite a traveller.

One fact that I particularly wish to stress is the immense amount of unrecognized, productive labour which farm women put into the farms. Farm women not only perform the daily duties peculiar to women of other classes, as wives, mothers and housekeepers, but, (and I speak particularly of the West, since I am not personally familiar with Eastern rural life) at the same time do an immense amount of productive work. The Western farm women produce annually millions of dollars' worth of eggs, poultry and dairy products which are marketed, and they produce hundreds of thousands of dollars' worth of the same products, together with thousands of dollars' worth of garden produce, which are a direct contribution to the farm home. They also contribute thousands of dollars' worth of labour in the occasional assistance rendered at various times in the more general work on the farm. If it were not for this productive labour on the part of women, together with the children, Western agriculture would have more completely collapsed before this. How much attention would be paid to any other class of society which might be compelled to rely on the free assistance of women and children. Imagine a bricklayer, paperhanger or railway man being accompanied to work by his wife and children in order that they might assist him for a portion of the day to make up the amount of his weekly wage which he now makes by himself.

In spite of all this work on the part of farm women to say nothing of the overwork by both men and women, we have an exceedingly distressing situation

in Western agriculture. I was delegated to attend the conference of the representatives of the creditor and debtor classes in Saskatchewan, called by the Provincial Government in September last, and after hearing in some detail the indebtedness of the Saskatchewan farmers discussed, I came away from that meeting with a feeling of suffocation. I find that feeling prevails in many districts, and yet men and women, even under those most discouraging conditions, are willing to do anything in their power to help in any form of readjustment that might be suggested. Just before Christmas a woman wrote me, on behalf of the women of her district, asking me if I could possibly help them help themselves. She asked me if I could devise some means whereby these women could apply for wool, and other material and make up into various articles which could be sold for them, thereby earning a little cash to buy clothing and other necessaries. On further inquiry, I found that many of these people had their crops seized, before they were aware of the existence of the Provincial Debt Adjustment Bureau, and that these women had raised their fair share of by-products, but were willing and anxious to put still further effort, during the winter, into some means of making a little money to help over the hard times.

I believe we Westerners, although badly discouraged, have faith in the West. We believe we could win in the fight against our natural enemies, such as drought, rust, grasshoppers, sawfly, cutworm, hail and other things too numerous to mention, if an honest attempt were made by all other interests to help us overcome our artificial obstacles. The costs of production are too high, and also the costs of living. The prices of what we sell have fallen in greater proportion to the prices we have to pay.

To quote one instance: take a boy of 12 years of age, and fit him with bare necessities for a winter on the prairies. I am giving comparative prices from Eaton's catalogues, fall and winter, 1912-13 and 1922-23 for as nearly as possible the same kind of articles.

	1912-13	1922-23
1 pr. boots	$1 75	$3 25
2 prs. stockings	60	1 38
Pr. rubbers	65	85
2 suits underwear	2 00	3 00
1 sweater	50	1 25
1 cap	45	80
1 overcoat	5 25	13 00
1 muffler	1 00	1 35
1 overalls	75	1 50
1 pr. mitts	50	89
2 shirts	1 10	3 10
1 suit	6 50	12 50
Totals	$21 05	$42 87

And of course if you compare those articles as regards durability, the goods sold in 1912 were far more durable.

The reason I picked that particular item is because under whatever conditions they live, the farm man and woman must make an effort to keep the growing boys at school. The younger children may be kept at home and wrapped up and go without a certain amount of clothing, but this is something that is going on all the time, and those items affect us very materially.

Q. Are those the cheapest kind of goods?—A. Yes, I chose from the point of view of the farmer who had very little to spend and I was particularly careful to take the same class of goods. If they were Scotch knit in 1912, I chose Scotch knit in 1923; tweed in 1912 and tweed in 1923. This is but one of many statements that could be made showing marked degrees of comparison in prices in 1912 and 1922, and which are matters of grave concern to our farm women.

[Mrs. John McNaughton.]

APPENDIX No. 3

The following items also speak for themselves. This is an average of all Canadian cities of 10,000 or more.

Q. Where are these figures taken from?—A. The Bureau of Statistics, but I might also point out that in reading the index figure, Mr. Ward, our Secretary, got these for me, and the Bureau have kindly made the index figure 100 for 1913 instead of the usual Labour Gazette figure; therefore it is easier to recognize at first sight.

	Jan. 1913	Index	Jan. 1923
Tea, black medium per lb.	36	$166 7	60

Therefore a dollar's worth of tea is now $1.667.

	Jan. 1913	Index	Jan. 1923
Sugar, granulated	06½	$148	09½
Flour, per lb.	03½	$136 6	04½
Boots, women's	5 00	180	9 00
Boots, men's fine	5 00	190	9 50
Boots, working	3 50	126 6	4 50

These are just a few items, because, if I may explain, I was appointed to this Committee after leaving home; I could have supplied considerable information, which I have at home, and presented the evidence more comprehensively. Of course, all other classes are paying these prices, the only difference being that most of the other classes have provided ways and means of passing on their increased costs, which the farmers are at present unable to do.

In concluding this statement, I wish to point out one of the most unfortunate effects of the present adverse economic conditions, and that is that too many boys and girls are leaving the farms. Our agricultural societies spend a great deal of money and do a great deal to stimulate interest on the part of boys and girls in rural life. A boy may save his money and buy a pig; he may become thoroughly interested in all that his club teaches him along the lines of better production, but once he comes to the place where he realizes that production does not pay, his enthusiasm receives a severe check, and the attractions of town or even village life grow greater, with the result that he is too often ultimately lost to rural life.

Since I am here in a representative capacity, I am leaving it to the other members of our Committee to make the constructive suggestions as to remedial measures, which our Council believes necessary to solve the serious agricultural problem now facing us.

By Mr. Elliott:

Q. Mrs. McNaughton, how many years did this survey cover?—A. It is an annual event now. They made one in 1921; that was their first one, but the numbers responding were not so great. They made this one last year, but I believe they intend to continue, because they feel that it is very well worth while.

By the Chairman:

Q. The Hon. Mr. Sinclair asks me whether I understood that the replies which form the basis of this survey were all taken in arriving at this conclusion, or whether any of the replies were sorted out to be taken as the basis of the survey?—A. I understood from the Provincial Secretary that the replies had been tabulated. Of course some of the questions might not have been answered on every form, but all the replies sent in were tabulated.

Q. All the replies formed the basis of the survey.—A. Yes.

Q. They were not hand picked?—A. No, so I understood. I might add, if it is not taking up time, that some of our delegates from Saskatchewan, at

the Manitoba Convention, were so interested in this that they asked Miss Finch to present that survey to the Saskatchewan Convention, so that it has been under thorough discussion.

By Mr. Sales:

Q. How many of these questionnaires were sent out, have you any idea?—A. No, I am sorry.

By the Chairman:

Q. I suppose the questionnaires would be replied to as a general thing by people rather above the average of intelligence and education?—A. I would imagine the questions would be replied to by the more active workers in the Association, with the desire to help.

Q. And naturally they would be the people who would be the better educated?

Mr. ROBINSON: They would be the people who were dissatisfied, too.

The CHAIRMAN: Perhaps more dissatisfied, but perhaps in better circumstances than those who were not dissatisfied.

Mr. SALES: What does Mr. Robinson mean by people more dissatisfied?

The CHAIRMAN: He meant the people more discontented perhaps.

Mr. SALES: No, I think he probably means that to keep the farmers on the land we must not educate them.

Mr. ROBINSON: No, not at all, Mr. Chairman. I think I can make my meaning plain enough before I get through.

Q. Do these women you speak of as working on the farm and doing a certain portion of the work, object to doing any work in connection with the farm?—A. No, I don't think they do; but they do object to not seeing any return for it.

Q. Do you think it is a parallel case, a woman working on a farm, and a woman going with her husband to help lay bricks?—A. Well if it was piecework and the man could only make his present weekly pay by taking his wife and family along to help him, I would say that is a fair comparison. That is my personal opinion.

Q. These women who raise poultry and so on, does that money go to their husbands, or to the family, or do they have that?—A. I think generally speaking, it goes into the household revenue. It goes to swell the household revenue.

Q. There seems to be somehow or another an antagonism as if a woman were—if I make myself plain—as if her part of the income should be altogether separate and apart from her husband's, earmarked so to speak.—A. No, I wouldn't say that, but the farm women do feel that the immense effort they are putting into this productive labour should show in some form; they should either have better homes or better education for their children; they should see some return in some tangible way. That is the feeling. I don't think there is any question of division of opinion or division of the household. I don't wish to stress any sex emphasis..

Q. There is one thing I would like to clear up about this question of education; you speak about the boys and girls getting instructions in clubs? —A. Yes, sir, in our agricultural extension societies, and in the universities under different forms; we have extension work. These agencies do good work among the boys and girls.

Q. Why should not the public schools do that?—A. All public schools do it in a measure, and there is a movement in the West towards stimulating that work all along the line.

Q. I was wondering as to the boys and girls whether that education would not tend to take them away from that work, or towards the cities; can you tell us that?—A. I can tell you that the schools are not doing the full amount of educational work that these societies do, they have not the facilities. Stock judging is done through these extension services.

Q. I could believe in or I could conceive of a certain kind of education being of such a nature as to discourage a person from farming.

That is what I meant to say Mr. Sales.

Mr. SALES: I am very much interested in it, myself.

By Mr. Hammell:

Q. You haven't any idea of the percentage of questionnaires that were returned; for instance, if one hundred were sent out and twenty-five answers came in, would it be fair to take those twenty-five as an index?—A. They might not be. My reason for bringing that up here was that it was very generally discussed; they gave considerable time to it at the annual meeting, and if it had not been fairly representative, that fact would have been brought out.

Q. I only wanted your opinion upon that particular point.—A. I did not help in the making of this particular survey, but I have been familiar with it from the other viewpoint.

By Mr. Sales:

Q. You would admit that our Educational Department is devoting a great deal of attention to agricultural matters, trying to interest our young people in it?—A. In my opinion it is.

Dr. MCKAY: Do you mean education in the public schools?

Mr. SALES: Yes, Dr. McKay.

Dr. MCKAY: What do you mean by the Educational Department devoting a great deal of attention to agricultural matters?

Mr. SALES: The planting of trees, for instance. I was at our village school Fair last fall, and it was an eye-opener, as to the work that was being done among the school children.

We have Professor Bates in charge of that branch of the work in Saskatchewan; he visits all these school Fairs. At the Agricultural Fair there is the boy's calf exhibit; a calf has to be fitted up and shown by a boy or girl, or a pig has to be fed by a boy or girl, and all that sort of thing.

I would like to point out one thing, Mr. Robinson, to you as an old school teacher, and that is that every text-book we have in our schools has shown some man who has made his mark in life, but he has had to leave the farm to do it. I cannot find any example of a man in the school books who has made his mark in life by staying on the farm.

Mr. ROBINSON: You spoke about the work of the Agricultural Fair. As I understand it, it is the same in Saskatchewan as it is in the other provinces; the children are graded in the schools. I would like to know if any of the prizes for the excellent work they may do is counted in their school work in any way, so that that may help them later on?

Mr. SALES: I could not tell you that.

By the Chairman:

Q. Can you answer the question?—A. No, I believe not, but I would not like to state definitely.

By Mr. Robinson:

Q. That is where the weakness of the whole thing comes in?—A. I would say that these school Fairs are a very common feature on our prairies.

Q. But in the advancement of the child from one grade to another, that is not counted; what he can make out of his books is counted, of course. The weakness of the whole thing is right there?—A. Perhaps.

By Mr. McKay:

Q. What would you suggest for the relief of farmers' wives from so much work; you said they did too large a share of the whole work?—A. Yes.

Q. What would you do about that?—A. Speaking of Saskatchewan, we could absorb hundreds of these unattached women, if we had the means to pay them.

Q. You would have a constant supply?—A. Oh no. Pardon me, I was thinking along the line of dissatisfaction with farm life. Yes, we would have to reckon with the bachelors. It would be a real service, if we could only bring them along.

By the Chairman:

Q. You are not going to suggest that this Committee is going to take up matrimonial matters?—A. Not at all.

Mr. ROBINSON: It might do worse.

Mr. SALES: My experience has been with these attractive young ladies who are coming out there from time to time, we almost have to keep a shotgun ready after about the first week.

The CHAIRMAN: If Mr. Sales would only carry that a little bit farther, you would have no dearth of nice young people coming out from the Old Country.

WITNESS: There is one point I would like to make in this connection, that is, the Saskatchewan Government has an assisted passage scheme for the immigration of unattached women, with which I was identified, and it is working out satisfactorily. The contention was that they would not stay on the farm, but the reports have shown that they will stay on the farm, as far as the farmers can keep them, but during the past two years many farmers could not fulfil their contracts, and the girls had to be re-placed in the cities.

Q. There is no difficulty infinding them places in the city?—A. Some have difficulty in finding places. The point is that we would keep them on the farm, if we had the means.

Q. Is this survey to which you allude in your evidence, was any distinction shown as to what replies came from farms that had been settled five or ten years or more?—A. I could not answer that.

Q. It would have been very interesting, if that had been done?—A. I believe it is the intention of the Association to keep that work up, and I will note that suggestion.

By Mr. McKay:

Q. In what year was that survey made?—A. In 1922, and it was presented to their Association in January, 1923.

By Mr. Sales:

Q. You mentioned a debt adjustment bureau in Saskatchewan; will you describe that to the Commission?—A. It has been established for some time, but until last fall it was not very well known. I think it was an effort to help the oppressed farmers, and last fall it was not desired to be very publicly known,

but at a conference between creditors and debtors there was a desire expressed for a moratorium, and it was felt by all that it would be disastrous in many respects for the Government to have to do that. The Government promised that if the creditor classes would assist, would not put on a moratorium, but would extend the operations of the debt adjustment bureau, which is an adjustment bureau to help bring debtors and creditors together in an effort to reach a compromise on the distribution of the season's crop, and to help the farmer to carry on another year. As far as that work has been carried on, I believe it has been highly satisfactory.

Q. It does not relieve the farmer of his debt, it staves off the day for another year?—A. It staves off the evil day for another year.

Q. Have you any idea how many cases have been handled by that bureau? —A. I am not prepared to say definitely, but I understand there have been about four thousand cases.

Q. Have you any idea of the amount of money involved?—A. I could not say exactly, but I think it goes into several millions; I have not got any exact information on that point.

Q. You spoke of the people living in the City having to pay these increased costs?—A. I simply meant that when we have these increased costs the labour unions immediately say that they must have increased wages, and the merchants and other classes add it to their own costs and pass it on to the consumer. It is passed on to the consumer, until it reaches the under dog.

Q. Until it reaches the farmer?—A. Yes. I think we are unable to control our own prices, and that we are in a very helpless position.

Q. When he wants to sell in the markets of the world, he finds it impossible to control prices?—A.Yes.

Q. That is, the farmer is practically unorganized?—A. Yes.

Q. But he is meeting with organizations on every hand? A. Yes, absolutely.

Q. Who are able to pass these increased costs on to him?—A. Yes. I wish to point out that the farm women are making real efforts towards helping themselves. The women in the Canadian Council of Agriculture have made a special study for the past two years, and are working actively towards a solution of our egg problem, how to improve the quality of our eggs, how to sell on a quality basis, as well as efforts to find better markets. We are receiving a great deal of assistance from the various Governments. We are actively engaged in trying to help ourselves, but we are suffering in this respect from high costs of production and poor marketing facilities. Had I come direct from my home, I could have placed before you a more definite statement. I hope you will understand that I have just had to make this statement very hurriedly.

(Witness retires).

GEORGE F. EDWARDS, called, sworn and examined.

By the Chairman:

Q. Mr. Edwards, you are Vice-President of the Saskatchewan Grain Growers?—A. Yes.

Q. Do you care to make a statement first, and be questioned afterwards? —A. I prefer that.

Q. What is your full name, first of all?—A. George Frederick Edwards.

Q. Where do you live, Mr. Edwards?—A. At Markinch, Saskatchewan.

Mr. Chairman and members of the Select Committee: It is absolutely essential that we recognize the true state of affairs in the West, if an adequate

remedy is to be applied. There are conflicting statements made. Some of our public men assure us that all that is necessary to restore prosperity in Saskatchewan is time and confidence, while on the other hand some paint a very gloomy picture and state that the West can never attain to its former prosperity on account of the burden of debt that has accumulated and the disparity between the price of farm products and what the farmer buys. No good purpose can possibly be served either by minimizing the seriousness of the situation or by exaggerating it.

Q. Very good. May I interrupt for a moment now to ask you if you are going to give this out of your head without reading it; because if you just lay down three or four points with eloquence and force, it may be better than reading a long paper. However, I am not going to hamper you in the manner in which you wish to proceed.—A. I am in somewhat the same position as Mrs. McNaughton. I did not know when I went to Winnipeg that I would be asked to make a statement. I was asked to prepare it hurriedly, and I do not want to be too lengthy. I thought it might be well to read the first part of my statement; it will not take very long.

Q. Go ahead.—A. As I said a moment ago, it is absolutely essential that we recognize the true state of affairs in the West, if an adequate remedy is to be applied.

I believe that the most accurate index of conditions can be obtained from the men on the land, and figures that are available regarding indebtedness. The man on the land has very little incentive to misrepresent conditions, for the price of his holdings is determined, as in the case of purchasers of bonds, by the conception that intending purchasers have of the profitableness of farming, and as there are always some who are contemplating selling their land, and as the credit of the individual farmer and the farmers as a class is affected by any statements made which are of a pessimistic nature, it is only reasonable to believe that a statement by a body representing farmers, or a reasonably intelligent farmer individually, could possibly be more relied on to accurately reflect actual conditions than one made by men who are immediately responsible for maintaining the bond-selling powers of the Province.

With these preliminary remarks, I will attempt to outline conditions as I see them, and I may say that I have had an exceptionally good opportunity of accurately judging conditions. The Grain Growers' Association work has taken me over a large part of the Province and part of Alberta, and wherever I have gone, even in the most favoured districts, I have found a profound discouragement, and in the less favoured districts something approaching despair. This attitude on the part of Western farmers is significant, as they have been noted for their optimism, and were usually hopeful that the next crop would put them on their feet. It is not too much to say that the morale of the farmer is low, and if it is, there is a very good reason for it.

As proof of the very serious situation in Saskatchewan, it is necessary only to recall the fact that it has been found advisable the last two years to hold conferences between members of the Provincial Government and the creditors' and farmers' organizations, and at these conferences some facts were brought to light that revealed beyond question the critical nature of the problem confronting the farmers. In fact, so serious was it that it was agreed that some of the facts revealed at the conference should not be made public. From my knowledge as a municipal official for ten years, I know that conditions are becoming steadily worse, and as proof of this statement I wish to submit some figures in regard to tax sales.

Q. Is yours a representative municipality?—A. I believe it is. I believe it is about an average municipality. We have good land, medium land, and poor land.

By Mr. McKay:

Q. What is your population?—A. We have 650 farmers in this municipality.

Q. I mean the race?—A. They are very mixed; we have many from Ontario, some from the United States, many from Austria, some Roumanians, some Hungarians, and a few Jews.

By Mr. Sinclair:

Q. What percentage were settled there within the last ten years?—A. Not two per cent. Most of the land was taken up between 1905 and 1906. Those were the years in which most of the land was taken up. From then on to 1910 land was taken up, there was a small proportion of land held by land companies, and that has been sold by lots within the last few years, but the largest percentage was in 1905 and 1906.

By Mr. Hammell:

Q. Have you any Jewish farmers there?—A. A few. There was quite a Jewish settlement in the early days, but as soon as they got their patents they left their farms and went store-keeping. I think our municipality is a little better than some others, because we have not had so many dry years. It used to be a good district. I am showing the condition as affected by the tax sales during the last four years.

By Mr. Sales:

Q. You have as good land there as any in the Province, have you not?—A. Some of our land is just as good as any in the Province. We are making a new assessment this year, and our best land has been set at a maximum price on land in Saskatchewan, that is, our best land.

By the Chairman:

Q. What is that assessment?—A. For assessment purposes $37.50 for land close to town, and as we get away it is fifty cents an acre less for each mile from town.

By Mr. Hammell:

Q. On what basis do you assess land?—A. It is supposed to be the actual selling value of the land. It is supposed to be the actual value. The actual value of the land has dropped very considerably during the last two years. Some of that land was actually sold a few years ago at $90 an acre, but it was never paid for. Most of the land sold in our municipality at a large price has reverted to the owner. In other cases the price has been reduced. Some land sold at $50 an acre has been reduced to $35 an acre. Some of the land which sold at a high price, the sellers know that it will never be paid for, and they are reducing the price.

Q. Is that not true all over Canada?—A. Yes, Mr. Chairman, it is. The question was asked me. I am not making a comparison. These are tax sales. In 1919 the numbers of parcels of land, that is, quarter sections—we have 1,440 quarter sections in our municipality, and each parcel is separately listed in the tax sales. We have about ten and a half townships.

Q. It is rather misleading to us who are from Ontario.

A. They are assessed on the roll separately, quarter sections, but for tax sales they are listed as parcels of land. If a man has a section, it is listed as four quarter-sections.

By the Chairman:

Q. In order that we may appreciate what proportion of tax sales there are in this township, tell us how many quarter sections comprise the township? —A. 1,440 quarter sections in our municipality, or ten aand one-half townships. I am not dealing with the townships.

Q. You are attempting here to put an unfavourable situation before us?—A. Yes, sir.

Q. I want to understand just how unfavourable it is. You said that in your municipality you have 1,440 quarter sections?—A. Yes.

Q. Which are up for sale for taxes?—A. No. I said we had 1,440 quarter sections in our municipality.

By Mr. Sales:

Q. Of 160 acres each?—A. Yes. I have not ready the number that are being sold, but I will get that. This list you will understand is prepared around July, but the sale does not actually take place until later in the year. The party has a chance to pay his taxes before the land actually goes to sale. The last few years the municipalities have been deferring action until the latest date, which is the 15th of December, with the object of giving the farmers every chance of paying up before the sale.

By Mr. Hammell:

Q. Before you proceed any further, after the taxes become in arrear, how long after that time is it before the land is sold?—A. If a man did not pay his 1922 taxes, his land would be up for sale in the fall of this year.

Q. In Ontario it is three years.—A. Simply the taxes are sold, the land is not sold. If a man purchases these taxes, the party who owns the land has the right to pay the taxes back within two years; if they are not paid within two years, the land goes to the man who bought the taxes, or who paid the taxes.

By Mr. Sales:

Q. With interest at ten per cent?—A. If the taxes are paid, he gets 10 per cent in addition to what he is owing when he buys the land.

By Mr. Hammell:

Q. Just what do you mean by that?—A. These taxes are put up for sale. A man will pay $100 if there is $100 owing.

Q. He has to pay the full amount?—A. He has to pay the full amount; he must pay the full amount of taxes.

Q. Plus any charges there are?—A. Not at that time. If there are any due the following year, he must pay them. So the land is sold if the man has not redeemed in two years, and he gets title to it.

Q. Suppose a piece of land should fall to this or that man, who would appraise the value of the land purchased?—A. The only price he pays is the taxes, which may be $100.

Q. That is only for comparison?—A. Yes. The man has a right to redeem in two years.

By the Chairman:

Q. The defaulting tax-payer has the right to redeem his property from the person who bought his taxes?—A. The title is in his name until the end of two years, when it becomes vested in the man who paid the taxes.

By Mr. Sinclair:

Q. The man who pays the taxes takes the place of the municipality?—A. The municipality has to pay a large percentage of these taxes. There has not been enough tax purchasers in recent years to buy all the land that has been up for sale. We still have some on our books, although we have disposed of some. We got a better price, or we had a better chance of selling than some other municipalities had. That is why I say ours is better than the average municipality.

By the Chairman:

Q. It is important that we should know the exact technicalities of how men dispose of their taxes?—A. I do not know that it is.

By Mr. Hammell:

Q. These lands upon which taxes were unpaid, were they occupied or unoccupied?—A. Most of them were occupied; I would not say all; a small percentage were not occupied. The figures are, for 1919, 274 parcels.

By Mr. Sinclair:

Q. Would the owners of those unoccupied lands live in the municipality? —A. Sometimes a mortgage company is the owner, and sometimes there is an absentee owner. In 1919 the number of parcels put up for sale for taxes was 274, and the number actually sold in 1919 was 53 parcels; in 1920 the number of parcels put up for tax sale was 228; there was a decrease in the number of parcels put up for sale that year on the tax sale list. In 1920 there were 228 parcels advertised for sale, or a decrease in the number put up. Nineteen were actually sold, so that there was a drop that year, due to a fairly good crop; that is, better than it was in 1919.

In 1921, there were 427 advertised, and 121 sold. Quite an increase in the number of parcels advertised.

Then last year, 1922, there were 618 parcels on the tax sale list and 195 disposed of.

There are 1,440 quarter sections in this municipality and of this number 618 were on the tax sale list.

195 of those were actually sold.

I also got from our secretary the number of sheriff's seizures. There are three villages in our municipality, namely Cupar, Southey and Markinch.

The number in Cupar was 18. That is seizures of crops. Southey 19; and in Markinch 36. These do not include seizures made by owners upon tenants on their land. They are seizures made on owners of land. They do not include seizures made by the owners for their share of the crop, from tenants. I do not know what those figures are.

We have in our municipality about 600 farmers, taking that figure from the assessment roll, and there were 73 seizures. I have not figured the percentage; I think it is about 12 per cent of the crops that were seized.

Mr. HAMMELL: What is the average sized farm?—A. Just a shade more than a half section is the average size. Some of this land is not farmed. That

is to say, throughout Saskatchewan the average size is a trifle over the half section.

I might say that these figures possibly do not give an accurate index of conditions because of the fact that loan companies, who have lent money on land, in many instances rather than have the land sold for taxes, have paid the taxes, so that the statement does not reflect the conditions quite as bad as they are, because the owners have not paid the taxes themselves.

The CHAIRMAN: That is the mortgagee has paid the taxes on the land to protect his mortgage?—A. Yes, in many instances.

Dr. MCKAY: They have faith in the man making good?—A. Yes, mostly the mortgage companies are trying to give the farmer every chance, but these payments are quite a drain on their resources, and I suppose they will reach a point some time when they will not be able to make any further payments of that sort.

Now while tax sales are not the best index of conditions, owing to the fact that the lands are not put up for sale until the taxes are more than one year in arrears, and if not redeemed in two years, the land becomes the property of the purchaser, and as a vast majority of farmers have loans on land the loan companies pay the taxes in many instances so that their security may not be impaired. Besides this the Provincial Government instituted a "Pay your taxes" campaign last fall, which had considerable effect.

The CHAIRMAN: You do not suggest that the Government has to encourage people to pay their taxes?—A. Well, they did this year. You will understand that the attitude they took was this: many farmers did not have enough money to pay all their creditors or even to pay some of them, and the Provincial Government took the attitude that the thing of primary importance was to keep the municipalities running. These taxes I have spoken of include school and other taxes collected by the municipality and also the public revenue is collected by the municipality. The Provincial Government is absolutely dependent on the municipalities for collecting this part of its revenue; there is a rate of two mills all over the Province, on rural land, which goes to the Provincial Government.

They advertised in nearly all the local papers, and in all the daily papers, advising the farmers to pay their threshing expenses, their labour and their taxes first of all out of their crop, and then divide the balance of the proceeds among their creditors, pro rata. That had a considerable effect.

Q. I cannot follow you, Mr. Edwards, you go too fast. Will you repeat that statement?—A. Yes, I will try to go slower; that is one of my weaknesses.

Q. I would say it is more than a weakness; I think it is a vice.—A. Well, you have given me some advice and that will help some.

The Provincial Government sent out their advertisement, spreading it broadcast, advising the farmers to pay their taxes first and to pay their threshing expenses and labour; any expenses connected with the harvesting and threshing of their crop first and then pay their taxes. Any proceeds of the crop after that, they advised the farmer to divide pro rata among his creditors. That had considerable effect, because of the fact that a farmer felt that if it came to a dispute between him and the creditors who were left over after these things which I have mentioned were paid, that he could very well say, "I have done what the Government advised, divided the money pro rata," and then the Government, if they found it necessary to intervene between creditor and debtor, as they did through the Tax Adjustment Bureau, it would have considerable weight with them, the fact that the man did what he was advised by the Provincial Government to do. So the advertisement had a considerable effect.

Mr. SALES: Was it not also a fact that some schools were being closed because they did not have money to carry them on, and in other places, where the taxes were paid, the schools kept open?—A. Yes, the Government had to take steps to keep the schools open from public funds, because there had not been sufficient taxes paid in to keep the schools going.

I think I made it clear that the school taxes, telephone taxes, Government taxes and municipal taxes are all collected through the municipal secretary; it is all one fund, and then divided in proportion to the amount owing to the Government, to the schools and so on. It is all collected through the one medium.

The amounts owing to banks, loan companies, retail merchants, implement companies, etc., at the present time amount in the aggregate to such proportions that it is a debatable point as to whether they can be liquidated. I believe that it is not too much to say that it is impossible with the present disparity of prices to expect to pay.

The CHAIRMAN: To expect to pay eventually?—A. Under the present conditions, without some remedy is applied, to make a readjustment possible, and to make farming cheaper, and the stuff the farmer buys reduced in price.

To show the great amount owing by farmers, I shall read a statement of the indebtedness of two small villages, which I have here. I cannot absolutely vouch for the accuracy of this, but the statement was prepared by a Committee in the village and the figures compiled and checked by the bank manager with the help of the local merchants and it must be pretty nearly correct.

Q. Are these representative villages?—A. I would think so. It is in a part of the Province that has not been as subject to crop failure as some other parts of the Province.

Q. Do you believe that what you propose placing before us is accurate?—A. To the best of my knowledge, yes. This was submitted at that conference which has been mentioned by Mrs. MacNaughton, with the Government last year.

Q. You say, to the best of your knowledge. That is hardly an answer. Do you believe it is true?—A. Yes, I believe it is true, but I cannot take my oath that it is.

Q. First let us get this as definitely as we can. You are talking about a village, and you do not want to give its name. That is reasonable?—A. Yes.

Q. What is the population?—A. This is a district. It is not really a village at all. A district in the West comprises the area adjacent to where they market their wheat. The towns or villages are usually about eight miles apart, and the distance to the railway varies. In this particular instance there is a railway line about 25 miles south and about the same distance north.

The amount of wheat marketed in that district that year was 325,000 bushels.

Q. What would the population of the district be, roughly?—A. I cannot state it very accurately. There are usually about three towns in the municipality and the average would be much the same as ours. I would say roughly 200 or 250 farmers in that district.

Q. An average of five to a farm?—A. I think that is the average that is usually recognized as accurate, about five to the farm. Then the village population is small.

Q. Would there be about 1,500 people in that district?—A. There would be possibly 1,000 on farms and about 300 in villages.

Q. Can we call it 1,300?—A. Yes.

Q. You are going to tell us about the indebtedness of the district for an area which includes about 1,300 souls and whose exportation of wheat last year was 325,000 bushels?—A. Yes.

Q. And it would be an area of approximately how much?—A. About 15 by 8 miles, or 120 square miles.

The indebtedness to the bank was $250,000.

To the machine companies $80,000.

Q. Do the people in the West ever pay cash for anything?—A. Some of them, when they have it.

To storekeepers, $125,000.

To outside horsedealers, not living in the district, $60,000.

Q. Those horsedealers were more confiding than they usually are. $60,000 to outside horsedealers?—A. Yes. Taxes $65,000.

Farmer to farmer debts, say $20,000. That is just estimated.

Q. You cannot take that into consideration?—A. No, you would not have to put that in, but that is in this statement though.

Q. Did you add this up?—A. Yes, it is $600,000 including the $20,000; so that it is $580,000.

Q. Would that cover mortgages?—A. No, the mortgages are not included in that. They were not able to ascertain the mortgage indebtedness. That does not cover payments to owners of land.

Q. It is what you might call current indebtedness as opposed to fixed indebtedness?—A. Yes. Unfortunately our Provincial Government has not seen fit to compile statistics each year regarding the indebtedness of farmers, so it is only guesswork to try to arrive at any conclusion as to whether last year's very large crop has put the farmers of the Province in any better financial position; but as the price of all the farmer has to sell is low in comparison with what he buys, and as the average price of wheat was about 80 cents, and as it has been estimated by the Provincial Department of Agriculture that the cost of production was 70 cents, it only leaves a margin of 10 cents per bushel on 280,000,000 bushels, or a total available to pay debts of $28,000,000, and as the statement of the representative of the retail merchants at the Regina Conference last year was that the retail merchants in the Province had outstanding accounts on their books of $100,000,000, and the representative companies in the Saskatchewan Loan Association stated that their companies had $100,000,000, out in lands, it is possibly well within the mark to say that the mortgage indebtedness of the Province exceeds $125,000,000.

As to the amount of $100,000,000 on the books of the retail merchants, that statement was made by their secretary and I verified it by going to the office later on. That has not been reduced very much, because I verified this about six weeks ago.

By Mr. Sales:

Q. Where is this $100,000,000 owing?—A. To the retail stores in the small villages in the Province of Saskatchewan. These are figures given by the Secretary of the Retail Merchants' Association, of Saskatchewan. It is a staggering figure and hardly credible.

By Dr. McKay:

Q. How many merchants in the villages?—A. I think I have already said about a thousand, but I would not vouch for that.

The CHAIRMAN: There is no use getting guesses on the record.

Mr. SALES: Mr. Chairman, I would say there would be more. There are, to my own personal knowledge, over 700 shipping points in Saskatchewan, most of these would have one store, many of them have three; a few of them have none, and then the retail merchants in the cities must be added to that. I would say that a thousand is below the mark.

Mr. HAMMELL: Certainly. That number of retail merchants could not carry that amount.

The WITNESS: I am correct in saying that the secretary made that statement to me, and I went to his office about six weeks ago, asking for information regarding the indebtedness to the retail merchants of Saskatchewan, and I got exactly the same figures.

By the Chairman:

Q. Do you believe it to be true?—A. I don't know anything about it.

Q. But you believe a thing or you do not?—A. I cannot understand how the responsible representative of an Association of that kind would make a public statement that was not true.

Q. Then do you believe it? You may be right or wrong in believing it? —A. I think it is approximately true.

Mr. HAMMELL: Mr. Edwards, if there are only 1,000 retail merchants it would be 100,000 each?—A. I don't know how many retail merchants there are.

Mr. SALES: There are nearer 2,000. I have heard them talk of having $50,000 on their books.—A. Some, I know have $75,000.

The CHAIRMAN: I presume they mean that when they have an amount on their books, it is also on the books of the wholesalers and the banks, and the banks have the savings of the people in other parts of the country.

Mr. SALES: It is charged two or three times over, and it is all paid by the man who buys the goods.

The CHAIRMAN: It looks as if it was not paid in most places.—A. Then I was saying that the representative companies in the Saskatchewan Loan Association stated that their companies had $100,000,000 out on lands. This Loan Association is comprised of companies doing business in Saskatchewan. There are representatives there of other loan associations, Dominion Loan Associations who are not in the Saskatchewan Association. The amount owing to these other companies is not included in this $100,000,000; nor does it include the amounts owing to American loan companies, nor to private individuals, nor the amounts owing on agreements of sale, nor the $9,000,000 which our Saskatchewan Farm Loans Department has let out. What those amounts are I cannot say, but they must be very large indeed because a great many farmers have disposed of their land and then sold the agreements of sale. I cannot give any figure of that amount that would be at all accurate.

Now, I have figures here of the taxes owing to municipalities, which were supplied to me by the Department of Agriculture.

The amount of uncollected taxes as of 31st December, 1922, is $8,368,204. There are 73 rural municipalities still to report. Whether it is of any value or not, I have computed on the assumption that the 73 owe the same amount each as these others. There are 301 organized municipalities altogether.

Q. You have averaged the other 78 which have not reported as owing per municipality, the same as the others?—A. Yes. That brings us to a grand total of $11,047,450.

Owing to the fact that there is a penalty put on the taxes of 8 per cent on 31st December, and there is no other additional penalty put on between that time and when the taxes are collected next fall, very little taxes come in during the course of the year. The man thinks that if he can have that money to use and he does not have to pay any further penalty, it is the cheapest money he can get, so there is very little paid after that until the following fall.

The indebtedness to banks is difficult to determine. I might say that our Saskatchewan Farm Loans Board let out $9,000,000. That is the Farm Loans Board organized by the Provincial Government. It is a separate organization now but was started by the Government. They loan money to the farmers at 6½ per cent; that is what money they can get. There is a great deal more applied for than they can give, because there is not sufficient funds deposited in the Treasury to meet the requirements of the country. We are not a depositing Province.

Q. What interest do they pay on those deposits?—A. 5½ per cent. It is not a deposit; they are bonds issued in amounts as low as $25. The Farm Loans Board is supposed to be self-supporting, but the Government is behind it and if there is any deficit they would have to make it good.

Q. That seems to be the use of Governments?—A. Yes.

By Mr. Sales:

Q. Are you going to tell us how they have succeeded in collecting their payments and interest?—A. No, I have not gone into that. I understand there is a considerable amount owing that has not been paid in on mortgages, and the interest has not been kept up.

The indebtedness to banks is difficult to determine, but the amount is very large indeed as the figures I have quoted for two villages show.

The amounts owing to implement companies were computed a few months ago at 25 to 30 millions. I got those figures from the implement companies in Regina.

Q. Have you anything down as owing for automobiles?—A. No.

Q. Is there anything?—A. Oh yes, there is a lot. Added to this the amount outstanding as taxes to municipalities and the amounts owing to private individuals, makes a sum that is appalling. As near as I can estimate it, it cannot fall far short of $400,000,000, and my own opinion is that it is greatly in excess of this sum. That is only allowing $90,000,000 for all other indebtedness besides those other amounts I have stated.

By the Chairman:

Q. What is your population?—A. About 900,000 I think. At an interest rate of 8½ per cent, which is below what it actually is, the interest on this loan would be $34,000,000 or more than the amount available from the crop after production expenses were paid.

Q. When you take the cost of producing the crop, you charge something to labour?—A. Yes. In 1914, the Government conducted an investigation into labour costs.

Q. You allow something for labour and I understand that the average farm has two sections.—A. Half sections.

Q. Two quarters?—A. Yes.

Q. And I suppose that would usually be run by the farmer and one hired man?—A. Yes. It does not take two men continuously on a half section of land.

Q. So there would be a big allowance to make for that?—A. Yes.

Q. Then fully half the labour cost would go back to the farmer himself?—A. Yes, but you must take this into consideration, that there are many large farms where there is a great deal of hired help. There are many quarter section farms where the man works it himself, so that would make a difference.

Q. That would make the figures then more favourable to the proposition I am placing before you, that it is hardly fair to your own Province to say that

the cost of production is such a small margin under the price that you sold the stuff for, which margin might go to the payment of debts, because the proprietors who owe the debts received a very large proportion of the labour cost.—A. Yes, but then the labour costs on a farm are necessarily very low. There is not much allowed for labour costs on a farm. That is, it was possibly $40 a month.

Q. What did Mr. Grant allow, 35 cents an hour?—A. Of course, Mr. Chairman, I would not think that that money would be available for the payment of debts, because that is all a farmer has to live on, to keep himself and his family for the next year. You would have to allow him that much and possibly more, to keep his family on the farm at all, so that would not be available for the payment of any indebtedness.

Then surely it is too much to expect that we can have a succession of crops that average as much as last years. It was the largest crop since 1915. Both aggregate on an average far larger than any we have had since 1915, and even that apparently did not pay off any indebtedness of the Province.

It is apparent that if agriculture in the West is to survive or prosper it cannot continue to carry the burdens that it has been carrying, but there must be a readjustment immediately or the rural population in the West will be greatly depleted. At the present time many have become so discouraged that they have left the country, and many more are preparing to leave.

Then I have a few suggestions as to what might be done to remedy the conditions.

Q. Yes, that is the thing, but speak slowly, Mr. Edwards.

Mr. SALE:: I don't believe he can.

A. I have been told that I speak too fast, but I have never had it brought home to me quite so forcibly as I have had to-day.

We have natural advantages in the West in so far as farming is concerned, but we must also recognize that we have great natural disadvantages. Some of the advantages are of course virgin soil, fertility that has not been tapped. We can agree that when we grow it, it is the best wheat in the world. We have been told that and very possibly it is true.

By the Chairman:

Q. You believe it, anyway?—A. Yes, sir, I believe it. I believe we grow the best wheat in the world.

By Mr. Sales:

Q. Why do you say that?—A. The reason is that it is so far north that it is difficult for the wheat to grow, it is so hard; it seems to be like the human being, the harder the conditions, the more backbone is developed.

By Mr. Robinson:

Q. You ought to have plenty of good men in Saskatchewan.

A. We have natural disadvantages or limitations, that is, we are growing wheat about as far north as it can be grown at all, in a great part of the Province, that is, commercially. We might grow some in Alaska, but commercially we grow wheat just about as far north as we can go.

Answering the question as to how our crop is limited, I may say that the rainfall is about 15 or 16 inches, and it is very uncertain; sometimes we get a lot more than that in one year, yet for several years we do not get anywhere near that.

Another disadvantage under which we labour, is our long, cold, hard winter, making production costs higher. Our machinery and horses stand idle the

greater part of the year. As to our labour costs, for instance, we are only able to produce or work in a few months out of the year, that is, in the cities, and they say they must necessarily charge more when they do work, so that they can live over the winter. But that is not true of the hired man who works the year round. All that reflects back all along the line.

By the Chairman:

Q. Do you contend that the wages in Saskatchewan are higher than they are in the United States?—A. I have never been in a position to make any comparison. I believe on the whole they have been higher, but whether they are at the present time I doubt, because conditions are so difficult on the farms that the farmers cannot pay them. I believe until last year wages were higher than were paid in the United States. Labour in the cities of Saskatchewan has been higher, on account of the fact that they have to make more in summer to let them live over the rest of the year.

Again, we have not sufficient markets close at hand. The farmers generally should produce something that is marketable near enough home to make it profitable. If we have beef cattle to dispose of, we have to dispose of them so far away that we dispose of them at a loss; we have to ship them to the Old Country; practically none to the United States, and it makes it difficult to produce anything in the winter to offset our disadvantages. Then we have geographical limitations; we are a long distance from our markets, and we have to ship overseas at high transportation costs. We have also to bring the stuff we need for our farming operations long distances. We are told that there are natural resources far north of Saskatchewan. But those have never been developed. We are depending upon the east and south for everything we use, thus increasing the cost of production, on account of our limitations in our geographical position and our high production costs. We have no natural resources close enough to have the raw material manufactured close at home at a low cost.

In addition to these things I have mentioned, we have what we consider unnatural restrictions or limitations put upon the Western country. We in the West contend that every industry natural to Canada will grow and develop in Canada, without any artificial advantages given to it, and we contend that it is not sound economics to discriminate against the primary industry, Agriculture, in favour of secondary industries; we say it is not sound economics, and in my opinion and in the opinion of many Western men, the thing of primary importance to Canada is to allow agriculture to develop and grow free from unnatural restrictions. If we do that, and if our natural resources are developed, the industries will grow that are natural to the country. We do not think that for the sake of building up an industry that is unnatural to this country we should discriminate against agriculture. That is our view, and we think we are on solid ground.

The tariff has added greatly to the cost of production in the West. Things are enhanced in value by the tariff. That is one of the things that enter into the cost of production. Unfortunately our transportation costs are higher than what we think they ought to be, in the West. I have sometimes followed the statements made at these transportation conferences, and when the Railway Commission was sitting, and I have been struck with this, that our Railway Commission have placed great weight on the argument used by the transportation companies, that, because you have water competition in the East, they are justified in having lower rates, so that they can compete with the water transportation in the West, but because we in the West have no alternative, they are justified in putting on all the traffic can bear.

We say that that is not a sound argument. The price set upon transportation should be its cost plus a reasonable profit, and at the present time we do not think it is that. The cost of hauling a ton a mile in the Prairie Provinces is lower than it is in Eastern Canada.

Besides these things, we have never had in the West an adequate amount of money at low rates of interest. I think I am safe in saying that ours is the only large agricultural country that has not in some way developed some means of providing the farmers with money at least as cheaply as other men get it. In the investigation made by our Saskatchewan Government in 1919, they found the average rate of interest was around 9 per cent.

Q. On farm mortgages?—A. Yes, sir, at that time. Since that time many of the loan companies on a large number of loans made by them during the last five years have made a rate of 8 per cent, sometimes 9 per cent, but I am told that the loan companies refused to loan to those who have applied for renewals of loans, at less than 9 per cent, that is, mortgage companies. I do not know whether or not all the loan companies do that, but I know that in some cases at least they have refused to renew at less than 9 per cent.

By Mr. Sales:

Q. What about the banks?—A. The banks have ordinarily charged 8 per cent.

The CHAIRMAN: By the Bank Act they can only charge 7 per cent.

Mr. SALES: There is no penalty in the Bank Act.

WITNESS: If a man went to law about it, he might get a decision of the Court that he could only be compelled to pay 7 per cent, but it would preclude his borrowing again, and as farmers are borrowers and expect to be borrowers for some time to come, they do not do that.

By the Chairman:

Q. "The borrower is servant unto the lender?"—A. Yes, sir, he is.

Mr. SALES: I will show a letter in which the bank is demanding 9 per cent.

WITNESS: I was on a note for a fellow last year; he went to get it renewed; I asked, What is the interest on it? He said the interest was 9 per cent, and when I asked why that was, he said it was because he did not pay it all up last year. I said that that made it harder. I think if a man has good credit and he has satisfied the bank, he can get money at 8 per cent.

By Mr. Hammell:

Q. These banks are branches of eastern banks?—A. Yes, they have a branch in almost every town, and sometimes there will be two branches in a town.

By the Chairman:

Q. You generally find two branches of different banks in the same town charging the same rates of interest?—A. Yes. There is no competition; at least it has not come under my notice that there is any competition in the rate of interest.

By Mr. Robinson:

Q. You have told us that the gross debt was about $400,000,000?—A. I said it could not be less than that.

Q. The population is around 900,000?—A. Around 900,000.

Q. That would give a per capita debt of about $440?—A. In my opinion it is a lot more than that, and at least must be multiplied by 5 which is the average family. The figures I have given are not complete.

Q. They do not make the condition bad enough?—A. I have allowed very little for private debts. I do not want to over-state the case; I would rather under-state it. In addition to these things I have mentioned regarding—

Q. I have not quite finished with that question. Take a sound banking and financial institution, doing business on a sound basis, would you expect it to lend money to these people that are in the last stage of bankruptcy?—A. When I was speaking of credits, I was not referring to banks, I was referring to a long credit system like what they have in the United States, or Switzerland. I did not say that we were suffering from a lack of money from the bank.

Q. You said the banks charged a high rate of interest?—A. Yes.

Q. High rates of interest and poor security go hand in hand?—A. Yes. Western land was not always poor security; it is becoming poor security, and the rates will be fixed by the kind of security there is. We are suffering for lack of cheaper money. In the United States farmers are getting money, as far as the security warrants them in getting it, at five and a half per cent. I got that from Washington; I wrote for that information. The lowest we got it at was 8 per cent, and it has gone to 9.

We do not think agriculture should be compelled to pay more than agriculture in other countries is paying. We believe that some steps will have to be taken to provide an adequate scheme outside the Province. We are not a depositing Province; the amount for disposal in that way is very limited. We think some method or means will have to be devised for creating a Federal loan scheme; I am referring to rural credits, mortgages at the present time.

By Mr. Hammell:

Q. You want a Federal farm loan scheme?—A. I do not think anything outside of that is going to be effective.

Q. For the simple reason that Provinces such as Saskatchewan have exhausted their resources?—A. Yes, and we believe the Federal Government is interested.

The CHAIRMAN: Mr. Edwards, I do not think you appreciated the importance of that question.

By Mr. Hammell:

Q. According to the figures you have given us, Saskatchewan is virtually bankrupt?—A. I did not say that it is actually bankrupt, because bankruptcy depends upon the value of your assets. The assets of Saskatchewan are great, but they are not worth anything while farming is unprofitable. I believe farming in Saskatchewan can be made profitable; then we will have assets sufficient to warrant the assertion that we are not anywhere near bankruptcy. The Province is all right, but the limitations placed upon us have made it impossible for us to farm; it is not because we cannot produce enough, because we can produce enough in the Province of Saskatchewan to live comfortably and pay our debts if we are on as fair a basis as anybody else. We claim that the tariff discriminates against us, and that transportation costs are discriminatory rates.

By the Chairman:

Q. You say, as I understand it, that if you could be put upon an even basis with these other businessess with which you have to compete in the West,

taking into consideration the price which you have to pay for the essential commodities, the rate of interest and so forth, that there is no reason why you should not hold your end up?—A. I see no reason why we should not. We have to buy in a protected market and sell in an open market, and it is not fair. In Canada the most important thing is to make agriculture profitable. We can have a development without a protective tariff. We do not think it is a fair deal, to compel us to buy in a protected market and sell in an open market.

By Mr. Hammell:

Q. You are a free trader?—A. I am a free trader, absolutely. I will qualify that by saying that we cannot get it all at once; we have to use discretion, even if applying a remedy. If a man has a diseased leg, the doctor does not take an axe and chop it off. It is the same with our industrial system. Industries have grown up which are not natural to the country. Do not lower the tariff over night, but eliminate the protective principle, to allow the farmers of the country to produce as cheaply as possible.

Besides these things, we have the lack of defilation since the war, the great costs incurred by the farmers while the war was on; the Government fixed the prices for his product, the only fixed price in the country. He was compelled to buy at the prices the people set. These prices were fixed, except the year the Wheat Board operated, when he got the prices which prevailed in the competitive markets of the world.

Q. For wheat?—A. For wheat. Unfortunately when the war was on the price of wheat was high, but the country did not have the crops. They were handicapped by high expenses. On acount of inflated prices everything they bought, and not getting good crops to meet those increased expenditures, many districts went into debt. We did not have as good average crops during the war as before the war. If we had been getting good crops, we would have come through in better shape.

I have a comparative list of prices, but I have taken up enough time now. This list shows that the deflation in prices we pay is not nearly as complete as it is in connection with things we have to sell. That seems a hard matter to adjust, because labour refused to come down in price. Mrs. MacNaughton outlined how that affected the farmer. When a thing costs a man more, he can pass it on largely, because he has the power of setting the price of his commodity, whether it is labour or merchandise. If a man finds that the cost of living is higher, he asks for more wages, or strikes for it. His wages must necessarily be set having regard to the cost of living. If a manufacturer finds that it costs him more to manufacture an article, he does not put it on the market at less than its cost; he puts it on the market at what it costs him, plus a reasonable profit.

By the Chairman:

Q. Do you think that is the way things are done in Canada?—A. I think there are too many gentlemen's agreements. Still, it has some effect.

Q. The cost of production is one of the elements?— A. I think that under our system it is possible to have combines, because competition is eliminated. Our industries are affected very little by outside competition; they charge more than the stuff is worth, and if they can manufacture stuff as cheaply as they can in the United States, they can have an agreement to market it at not much difference from what the United States will ask in order to make a sale in Canada.

By Mr. Robinson:

Q. Do you think it is possible to regulate the market, when the individual himself can regulate and set his own prices?—A. I do.

Q. You are advocating a readjustment between what you have to buy and what we have to sell?—A. I think that readjustment will have to take place in what we have to buy. I do not know that we can expect much more than one dollar a bushel, f.o.b. Fort William. Europe needs our wheat, and will need it for a long time to come. The price of our wheat is set in the Old Country, not here. It will be difficult to arrange in any way for regulating the price of wheat, because it is being marketed in almost every month of the year by some country, and it is a very difficult thing to govern.

My point is this, that largely the farmers are at a great disadvantage, because of the fact that other classes have refused to deflate the prices of their products the way he has been compelled to deflate his.

I will read some figures to illustrate what I mean. Although the price the farmer is compelled to accept for his products is much the same in dollars and cents as compared with the price he received in 1913, he has to pay a great deal more in transportation charges than he did before the war. In 1913 the carrying charge on a bushel of wheat from Fort William to Montreal by all water route was close to 6 cents per bushel. During recent years the charge for the same service has averaged 10 cents for water transportation. The cost per bushel last fall rose as high as twenty cents and over from Fort William to Montreal.

The price charged by transportation companies for their services is in some instances at least one hundred per cent higher than in 1913, while the farmer has to take the same price for his products.

The following was the average price per bushel of wheat, oats, barley and flax in Saskatchewan in 1913. Wheat 71 cents in 1913, 76 cents in 1921.

By the Chairman:

Q. At what place was that, and what grade was it?—A. That is the price received at the stations. I have the authorities here for it.

Q. The station price at any station in Saskatchewan?—A. At local points, all grades. Of course our grades were higher this year. If we had had low grades we would not have had as much.

By Mr. Sales:

Q. You are not quoting No. 1, are you?—A. No, sir, I am quoting the average of the grades.

Oats sold for 25 cents in 1913, and for 24 cents in 1921.

Q. You have not the prices for 1922?—A. No, sir. This is for 1921. The crop season was not completed, and the statistics have not been compiled. Barley sold for 30 cents in 1913, and for 36 cents in 1921. Flax sold for 95 cents in 1913 and for $1.38 in 1921. That indicates a considerable rise in the price of flax.

By the Chairman:

Q. In comparison with other grain crops, flax does not amount to very much?—A. No, sir. Potatoes sold for 47 cents a bushel in 1913, and for 50 cents per bushel in 1921.

According to the Canada Year Book, steers were sold at an average price of $37.50 in 1913 as compared with $35 in 1921. It is rather significant to note that although the farmer only got five cents per bushel more for his wheat in 1921 over 1913, flour was $4.80 and over per hundred pounds in 1921, com-

pared with $3.20 in 1913. Although the price the farmer received for his cattle in 1921 was less than in 1913, yet the cost of sirloin steak was 44.4 in 1913, compared with 54.6 in January, 1922.

An eight-foot binder costing $168 in 1913 will cost the farmer $280 in 1923. A twenty-section mower in 1913 cost the farmer $59.60; in 1923 it will cost him $99. A twenty double disc drill in 1913 cost $143, in 1923 it will cost $240. A three-and-a-half-inch waggon in 1913 cost $71, in 1923 it will cost $136. That means a waggon with a three-and-a-half-inch tire.

A fourteen inch gang plough cost in 1913 $82, in 1923 it will cost $158.

In 1911 the cost of farm labour in Saskatchewan was $200 per year. In 1913, $272 to $434 per year or $36 to $40 per month was paid for the summer months. In 1922 farmers paid $360 to $400 per year, and from $45 to $60 per month for the summer months. Common city labour in 1913 was being paid 25 cents per hour as compared with 50 cents per hour in 1922.

Q. The farmers are not paying 50 cents per hour?—A. No, sir; this is unskilled city labour. They do not pay by the hour, they pay by the month. Male school teachers received an average salary in Saskatchewan in 1913 of $942.50 as compared with $1,553.66 in 1921. Female teachers received average salaries in 1913 of $748.85 as compared with $1,326.33 in 1921.

By Mr. McKay:

Q. Why do you discriminate between the sexes out there?—A. I suppose it is for the same reason as they do here.

Q. A relic of barbarism, I suppose. Nearly all your teachers are female? —A. The big majority of them are. Usually when they have more than one room the trustees like to have a male principal thinking he is able to keep better order. That is one reason for the discrimination.

Now for some of the other necessities of the farm. If we take the figure 174 as being the cost of lumber in 1913, the price in 1923 would be represented by 334, almost 100 per cent increase. If 139 represents the price of furniture in 1913, 228 would represent the price in 1923. Kitchen furnishings are represented by 120 in 1913 as compared with 261 in 1923. Although the price the farmer received for his wool in 1913 was 17 as compared to 18 in 1923, the price of the finished product to the farmer was 225 in 1923 as compared with 124 in 1913. The price of hides to the farmer in 1923 is 135 as compared to 184 in 1913, yet the cost of leather in 1923 is higher than in 1913, being 169 in 1923 as compared with 152 in 1913. Boots and shoes cost the consumer 207 in 1923 as compared with 146 in 1913.

By the Chairman:

Q. What year is taken as your 100 in these figures; I see 1913 is generally taken over 100. You are giving index figures?—A. Yes.

Q. Index figures always give the year, and then go above or below the 100?—A. Yes, sir.

Q. What is taken as the 100, in your figures?—A. Many of these are taken from the Labour Gazette. I will just compare the two years. I am not sure which year he is taking as the 100.

A threshing separator costing $1,200 in 1913 will cost $1,650 in 1923, and a steam engine of 25 horse power costing $3,100 in 1913 will cost $4,100 in 1923.

The cost of a threshing looms large in our production costs. Stock threshing cost the farmer 8½ to 9 cents in 1913 per bushel for wheat, and from 12 to 15 cents per bushel in 1922. The average taxes per quarter section in Saskatchewan in 1916 were $23.85 as compared with $44.39 in 1922.

Those are all the comparative prices I have, Mr. Chairman.

The CHAIRMAN: It is now one o'clock, gentlemen. Mr. Edwards has given us very full information. I do not know that we can wait any longer now to question him. I was wondering whether we should bring him back this afternoon. I rather think not. Mr. Edwards, we are exceedingly obliged to you for your full and complete statement.

This Committee will resume at four o'clock. I really must spend a little more time in the House. We are going to call Mr. Toupin as our first witness, to be followed by Mr. Cummings.

(The Committee adjourned at 1 p.m. until 4 p.m. Tuesday, April 10th, 1923.)

Afternoon Session

HOUSE OF COMMONS
COMMITTEE ROOM 268,
TUESDAY, April 10, 1923.

The Special Committee appointed to enquire into Agricultural conditions throughout Canada met at 4 o'clock, the Chairman, Mr. McMaster, presiding.

The CHAIRMAN: With your permission gentlemen, I am going to ask Mr. Edwards a question on one point.

GEORGE EDWARDS Recalled.

By the Chairman:

Q. This morning, Mr. Edwards, you testified concerning the amount of indebtedness in the province of Saskatchewan. Would you tell the Committee whether that indebtedness is of recent date, or whether it is an accumulation, extending over some years?—A. Well, it is an accumulation extending over some years. Of course, some of it is of recent date, no doubt; that is, the taxes are from year to year, and there was not such a large debt so far as taxes and some of those other things are concerned. But it is an accumulation; in fact, at that conference in Regina in 1921, one gentleman who was representing the implement companies doing business in Saskatchewan, made the statement that conditions were as bad in 1914 as they were at that date. We questioned the accuracy of his statement, but the fact that he made that statement shows that there was a heavy indebtedness at that time. Of course, there was a heavy crop in 1913 which helped a lot and in some parts of the country in 1916. Of course, during the war, there was that fictitious prosperity or conditions which gave the appearance of prosperity; but the situation was bad in 1914. It is an accumulation over a term of years, not altogether of one year more than any other. It has been over a period of years.

By Mr. McKay:

Q. Were not the conditions the same in all the western states, agriculturally speaking?—A. In 1914?

Q. Yes.—A. They may have been. I was not conversant with the situation then.

Mr. MCKAY: The records so show it.

G. TOUPIN: Called and sworn.

The CHAIRMAN: Mr. Toupin has very kindly brought several copies of the thesis which he desires to place before us, and I will pass them around so that there may be one copy for every two of us. Mr. Toupin will give his evidence in English, although his native tongue is French, and we thank him for that courtesy.

By the Chairman:

Q. What is your full name?—A. Gustave Toupin.

Q. You are a professor, are you not in the Agricultural College of Oka?—A. Yes sir.

Q. In the Province of Quebec?—A. Yes sir.

Q. What special studies have you followed? First of all, how long have you been a professor?—A. Two years.

Q. What has been the line of study that you have specially followed?—A. Live stock, animal husbandry, and rural agricultural economics.

Q. You have been a professor for two years? What studies did you pursue before you took up your position at Oka?—A. First, I took my classical course of Agriculture, three years, at Oka, and then I took a Post-graduate course at Cornell University on animal husbandry and agricultural economics, and I have been teaching for two years?

Q. You took a classical course at Montreal College I understand, and then a course at the College of Oka?—A. For three years.

Q. Then you took a post-graduate course at Cornell?—A. For two years.

Q. And you have been teaching at Oka for—A. Two years.

Q. Oka is on the Lake of Two Mountains?—A. Exactly.

Q. How many students have you?—A. One hundred students.

The CHAIRMAN: Professor Toupin has prepared a statement, and with the concurrence of the Committee I would suggest that we read it over together and pick out the points on which we desire to ask questions, and when he has finished reading the statement, we will question him.

"SOME OF THE CAUSES WHICH PARALYSE THE PROGESS OF THE MAJORITY OF FARMERS IN THE PROVINCE OF QUEBEC

SUGGESTED REMEDIES

Contents

I. Introduction.
   (1) A statement of the general labour income farmers in the Province of Quebec from different sources.
   (2) A statement of the general system of farming in the Province of Quebec.

II. A few causes Paralysing the Progress.
   (1) The lack of a systematic production of field crops for milk and bacon production.
   (2) The lack of rational management of live stock, especially in feeding and raising live stock.
   (3) The lack of sanitary cow barns (live stock houses).
   (4) The lack of good sires.
   (5) The lack of a good side line.

III. Remedies.
   Such a situation may be explained only by a lack of knowledge of rational farming or by a lack of credits to apply rational methods of farming.
   Remedies then must come from:

Mediate Remedies:

(1) Perhaps credits.
(2) Unity of conception of the system of farming in the P.Q.
(3) Boost the growing of more clover and alfalfa of more silage and roots.
(4) The formation of a provincial cow testing, feeding and breeding association.

Immediate Remedies:

(1) The foundation of a Provincial Department of Agricultural economics—in direct relation with our agricultural colleges.
(2) A more efficient teaching in our agricultural colleges and the vulgarisation of this teaching in the different grades of our rural schools.

Introduction

"Mr. J. A. Ste-Marie formerly husbandman at the Central Experimental Farm, at Ottawa and now director of the Experimental Farm of Ste-Anne de la Pocatiere, P.Q., made, in the year 1920, a survey work on 302 farms in six counties of the Province of Quebec. He found that the average labour income of the farmer was $338. Making a comparison between two groups of fifty farms each, the first one being well managed according to rational methods of farming and the second one less well managed, all farms in each group having about the same number of acres (130), the same invested capital, the same animal units, he found that the first group operated at a gain of $1,152 and the second one at a loss of $722. According to reports received from others who made survey work along the same line, the labour income of farmers, last year, was still below Mr. Ste-Marie's compilations. There is no doubt that the present increasing flow of rural depopulation has its first cause in the labour income of farmers. Low salaries on the farm have always been—in the past—in my opinion the primary cause of the movement towards cities. The only difference to-day is that the same cause is even more true. If Canada wishes to make progress by the federal and provincial governments, the agricultural colleges, the educators in general, the press, all have the duty to face the problem, to study first of all the causes of this national evil which handicaps our development in each province and to bring sound accurate remedies to the low labour income of farmers. That is one of the aims, I think, of your Committee and the reason of my coming here.

"I intend to discuss in this paper some of the causes which paralyze the progress of the majority of our farmers in the Province of Quebec, and to present to your Committee my point of view on the accurate remedies to be brought up. I will base my argumentation on my work as a judge of the last 'Farm Agricultural Merit Contest'; also on my experience as a farmer's son, my observations during my trips through certain parts of the Province, my seven years' study of agriculture, especially my study of live stock and finally on the work I am trying to do in the county of Two Mountains.

At the beginning of my thesis it is necessary, I think, to give a clear statement of the general system of farming of Quebec, to show what influence this system has developed and to prove that it will continue so for a long time yet.

"The source of income is usually the basis used to classify the type of farming. In the province of Quebec the principal sources of income of the greatest part of our farmers might be summarized this way: Milk, hogs, sheep, poultry and field crops such as hay and grain. Some will derive their income from all those products. Some will derive the greatest percentage of their revenue from the sale of crops, hay and grains; but the great majority, I think.

are deriving their income from dairy products and hog raising as a derivative industry of dairy. Without taking into consideration horticultursts, poultry men, beekeepers, fruit-growers who are but a very small group among the great mass of our farmers, we may say that most of our farmers transform hay and grain in milk and pork, some entirely, others a strong percentage selling the rest as cash crops. Therefore the system of farming in the province of Quebec is based upon milk production and hog raising, upon live stock keeping in general. That is the principal source of income.

"Such a system exists since more than 25 years. It took place under the influence of certain economical factors which are still existing and will remain operating very far in the future. These factors are: Lack of competition among other possible systems, demands of the market, soil and climate. Thirty-five years ago, when the cash crops farming system became a failure, our farmers had no other issue than to leave the farm for the United States or take to live stock raising. They had not the liberty of choosing; they oriented their efforts towards the safer path and they based their system upon milk and to a certain extent upon hog raising. The demand of the market for animal products, by that time was strong, surer than for any other farm products. Soil and climate were fit to furnish grain and forage for milk and pork production. For all these reasons most of our farmers under the direction of our agricultural schools, and government propaganda, went into that type of farming which will remain unchanged very far into the future, because the same factors are still existing. Of course, as long as the province of Quebec will possess nothing but the actual centres of consumption, as long as *industry* will not make greater our cities, consequently greater the demand for horticultural products, fruits, honey, poultry, those products will remain nothing but side lines on the farm or the undertakings of specialists who will never be but a very small group among the great mass of our farmers.

"On the other hand, cash crop farming especially by this day of American embargo is a hazardous operation and most often than otherwise does not pay in general and will remain in the future the system of very few farmers. Necessarily then, the great mass of our farmers will continue to orient their work towards milk and hog production, because the factors which have brought up this type of farming are the same in number and in a certain extent operating stronger than in the past. Of course, the demand for animal products such as milk, butter, cheese and bacon is strong on the local market. The foreign market demand for those products is limited, according to Dr. Grisdale, only by their quality. If we take into consideration that any kind of industry, to survive, must be based upon a permanent market for its products, we must conclude that our type of farming, based upon milk and hog production, is in accordance with that economical requirement, and apparently will remain so, very long in the future.

It is with this conception in mind that I will try to point out a few causes which paralyze the progress of a great number of our farmers who mostly have a system of farming based upon milk production, and hog raising to a certain extent.

As I said before, the failure of our farmers does not come from an error in the choice of their type of farming but rather in the organization of their enterprise to make efficient their system.

A Few Causes Which Paralyze Progress

There are many causes but we may bring down to five those which handicap the progress of our farmers in the province of Quebec:

1. The lack of a systematic production of field crops towards milk and bacon production.

2. The lack of rational management of live stock especially along the line of feeding and raising cattle.
3. The lack of sanitary live stock houses.
4. The lack of good sires.
5. The lack of a good side line to balance their system.

Systematic Organization of Field Crops

We have shown in the previous pages that the production of milk with hog raising is the basis of the majority of our farming system in the P.Q., and that it cannot be otherwise, on account of the influence of certain economic factors which command such a type of farmer. The primary condition of the efficiency of this system is to orient field crops towards the main lines of production in order to furnish abundantly and economically the appropriate forage, grain and pasture which will be transformed into milk or bacon. That is a fundamental principle, the first condition of success. To produce milk abundantly and economically, a good pasture in summer, clover or alfalfa, silage and roots for the winter season are absolutely necessary. Straw and timothy hay, we all know, are not fit alone for milk production. If we have a certain number of progressive farmers in Quebec who are organized to produce good field crops, unfortunately the number of those who are lacking in that point is still too great. We have to admit the fact. Clover and alfalfa is not sufficiently grown, that is however the best forage for milk production, because it is the one which may contribute to furnish cheaply the protein requirements of milking cows. Corn for silage in the south of the Province is not cultivated yet by the majority of our farmers, and the roots which may grow all through the Province are not generalized enough. What are the consequences of such a situation? (1) A low average milk production per cow. (2) Higher cost of concentrates for those who feed some in the spring or in the fall. Of course, when the basal relation is made up of carbohydrate feed such as timothy hay, corn fodder, corn stover and straw, all poor in protein, we have to buy high protein feed to complete the ration, such as gluten, cottonseed meal or linseed oil meal, all high costing feeds, consequently making higher the cost of production of milk. To summarize, the lack of systematic production contributes either to maintain the low average production of milking cows or to raise the cost of production of milk for those who buy convenient feeds; at all events it contributes to paralyze the progress of our farmers.

Irrational Management of Live Stock

Rational management of live stock deals with different points—all important—of which however, two are predominant: the raising of calves, and the rational feeding of the stock in general. In my opinion, I do not hesitate to say that the stumbling block of our farmers is there.

The rational principles of calf raising may be resumed this way: (1) weaned, when born. (2) Fed with complete milk, two or three weeks. (3) Fed, after that time, with skim milk and an appropriate concentrate. (4) Kept in a box stall, clean and well lighted.

A too great number of our farmers unfortunately are doing just the opposite especially in feeding and housing. They feed nothing but skim milk to their calves, and they tie them up too often in the manure alley. Such a method is one of the best ways to bring up scrub cattle who will eat more than they produce.

The lack of rational feeding of stock in general, direct consequence of a lack of systematic production of field crops and a lack of scientific knowledge of feeding cattle, is the most important cause paralyzing the progress of our farmers. An industrial ought to know, if he wishes to make a success of his undertaking, the modern process of fabrication, and must possess the appropriate raw matter

to transform. Most of our farmers do not raise the necessary raw material that can be transformed into milk as shown in the previous pages, and they have, in my opinion, something to learn yet about the rational feeding of live stock. I will try to prove that assertion.

Each animal, whatever the class it belongs to, has its own requirements in digestible nutrients according to its age and its weight, and for a dairy cow according to her weight and her milk and fat production. Those nutrients are: Protein, carbo-hydrates and fats. The sum of the three kinds, its fats being multiplied by 2.25, gives what we call the total digestible nutrients.

A cow weighing 1,000 pounds must receive in a maintenance ration:

	D.M.	Dig. Pr.	T.D.N.	N.R.
12 to 21		.7	7.925	1.10

The same cow giving 30 pounds milk, 4 per cent fat must receive a ration containing

	D.M.	Dig. Pr.	T.D.N.	N.R.
25 to 30		2.32	18.30	1;5.9
		2.65		1;6.8

Keeping in mind the above statement let us consider the feeding of milk cows during a whole year. The cows usually freshen at the end of March or at the beginning of April. They are milked until January of the next year. From January to April they become dry, and are put on a maintenance ration.

Let us look over during the previous two periods the usual rations which are served according to the different parts of the province. We will consider first the period from January until April, that is the period of the maintenance ration. The following are maintenance rations that I consider are being fed by many farmers.

Now, Mr. Chairman, I have a table of rations, tending to prove that certain rations are poor and unfit to keep cows in good condition. I do not know that this Committee is interested in these figures.

The CHAIRMAN: I think we are interested in that, gentlemen, are we not? Yes, go on.—A. I gave you what we call the standard of feeding a moment ago, and we will compare this standard with the following ration and we will see that those rations are wrong. I think it is not necessary to try to prove to this Committee that straw is not fit to maintain a dairy cow. Everyone knows that. This ration does not contain a sufficient amount of nutrients to keep a cow in good condition and to prepare her for the next milk flow. The table is is follows:

Cows of 1,000 Pounds

	D.M.	Dig Pr.	T.D.N.	N.R.
Standard 12 to 21 pounds		.7	7.925	1.10
1. Straw 25 lb.		.25	11.4	1.45
2. Straw 15 "				
Corn				
Fodder 30 "		1.05	22.5	1.21
3. Straw 20 "				
Roots 25 "		.40	10.97	1.27
4. Straw 10 "				
Silage 40 "		.54	11.64	1.20
5. Straw 18 "				

Cows of 1,000 Pounds—Concluded

	D.M.		Dig. Pr.	T.D.M.	N.R. Cost.
M. Hay	8 "		.55	12.	1.20 0.093
6. Straw	10 "				
Mixed			.71	10.73	1.13 0.103
Hay	13 "				
7. Straw	10 "				
Clover	10 "		.86	9.66	1.10 0.075
8. Straw	5 "				
Clover	8 "		.85	9.90	1.10 0.091
Silage	20 "				

Now let us discuss these rations, as follows.

Ration No. 1 is fed but by a very few farmers. It is the worst that we can conceive.

Numbers 2, 3 and 4 are a considerable improvement on the first one, but still unbalanced; they are served to a certain extent.

Number 5 is unbalanced. It is served by many farmers.

Number 6 is better than the others but still is not well balanced.

Number 7 made up of straw and clover; and number 8 made up of straw, clover and silage are well balanced and cows may be kept in good condition on them.

The six first ones or others not mentioned here, but of the same type, are more used, in my opinion, than the two last ones, and evidently are less well balanced to keep animals in normal condition.

On the other hand, most of our cows on the farm entered the stable, in the fall, in a rather thin condition. The period of January to March should be then the one where they could recover their flesh, their elements of reserve, in order to be well prepared for the next lactation period. In that case then, it is more than a maintenance ration that should be given them. The dry period of cows is considered by the best breeders as one of the greatest importance to prepare the future milk flow. Most of our farmers do not pay sufficient attention to that most important point. This is a very great mistake, because a cow who freshens in thin condition cannot give a big production of milk during the year. I summarize the discussion of the feeding during that period by saying that the rations of our cows by that time are too poor to prepare them for a big production, and that is so because first we do not grow enough clover in general, and secondly, possibly not enough silage and roots. The rational feeding of our cows during that period is of the highest importance.

What about the feeding of cows during the period of milk flow? The feeding by that time is not a great deal better, except in June, because nature then feeds the cow with pasture.

From the time the cow freshens until the time she goes to pasture, the rations are unbalanced, an account of a lack of clover, and on account of a concentrate which is too poor in protein. Of course, most of our basal rations on the farm—as I said before—are made up of carbo-hydrate feeds, such as mixed hay, timothy hay, straw, corn fodder, with those forages we have to buy, for a good milk production ration, high protein feed such as linseed oil meal, cottonseed meal, gluten or brewers' grain. However, that is just what the great majority of our farmers do not do. The immediate consequence of an unbalanced ration, after the cow is freshened, is that she will lose her flesh in about one month of lactation, and will decrease rapidly in production, thus reducing considerably the whole year's reproduction.

[Mr. Gustave Toupin.]

APPENDIX No. 3

Life on good pasture in the month of June is the golden period for cows because green pasture furnishes a well balanced ration in general.

But this period does not last very long, not further than the month of August in general. Of course by that time this green pasture dries up more often by lack of rainfall. Therefore the pasture starts then to furnish an unbalanced ration and the cow starts to decrease in milk flow if pasture is not supplemented with concentrates or by corn silage of the previous year, or other green forage. If we summarize now the whole year's feeding of our milking cows, we may conclude that outside pasture time, from the end of May to the end of August, cows are fed in general with an unbalanced ration. I don't hesitate to say that the poor feeding of our cattle on account first of the lack of a systematic production of field crops in view of milk production—and secondly on account of the buying of inappropriate concentrates, is the stumbling block to milk production. The average production of our cows is something around 4,000 pounds each in Quebec. I cannot see by what means we may increase that average, if we do not solve the problem of feeding. Bulls alone cannot cure the evil.

The Lack of Sanitary Live Stock Houses

The two first causes which I have discussed up to this point, and which paralyze the progress of our farmers, within the system of farming described, are:—

1. The lack of a systematic production of field crops.
2. The lack of a rational management of live stock, especially the raising of calves and the feeding of cattle in general.

The third cause, and not the least, is the lack of sanitary live stock houses, well lighted and well ventilated. Sunshine and fresh air are two elements absolutely necessary to the normal functions of the organism.

Sunshine is sure death to bacteria, as you know, and acts by the intermediary of some rays on the organism which it stimulates. Fresh air, by its oxygen, may be considered, to a certain extent, as a food. Sunshine and fresh air, cleanliness of live stock houses and good feeds are the best ways to prevent disease among the cattle, especially tuberculosis. If the sanitary conditions of our cow barns have been greatly improved since a few years, we have still much to do—and this point must have a prominent place on the programme of the campaign for live stock—especially dairy cattle improvement.

Bulls

What might be the influence of a good pure bred sire, poorly fed and tied with a chain in a dark unventilated cowbarn? I will let you, gentlemen, give the answer. Many farmers have bought pure bred sires or used one of another party and the milk did not raise very much in the pails. We cannot lay too much stress on the importance of a good bull, provided we control the two other factors, feeding and sanitary housing. Those factors must work together.

The Lack of a Good Side Line

At the beginning of my discussion I recalled the low labour income made in general by the average farmer. I started with that point in view: why so low a labour income? I have shown in my introduction that the failure does not depend upon a mistake in the choice of the type of farming because this type is commended by some economic factors outside of our control, and I have

tried to demonstrate, up to this point, that the failure is due rather to some mistakes within the type. I have mentioned four of these so far. I have another that we may call the lack of a good side line. By side line I mean a special production along with the main one. This side line will be influenced by different economic factors, such as: markets, the vicinity of a canning plant, cheap labour, size of the farm, soil and climate, taste. One farmer may adopt potato growing for instance, another one vegetables; others may choose according to their environment among poultry, bees, the production of registered oats, of clover seed or of pure bred cattle. Our system of farming ought to be balanced by a side line to attain its maximum of efficiency. The side line acts as a balanced flow and reduces—if well chosen—the chances of poor labour income. It is not wise in general to rely upon only one source of income. If the market for the article we produce is poor, we have no issue to avoid low labour income on the farm. The side line prevents this inconvenience.

At its last meeting the Council of Agriculture of Quebec adopted two amendments to the rules of the Farm Agriculture Merit Contest. By those amendments, 130 points in our scale of points will be given to the appreciation of the efficiency of the farming system. This appreciation will be based upon the points I have discussed here in the previous pages, and upon the value of side line production.

There are still other causes which paralyze the progress of our farmers, but in my opinion, I think I have discussed the principal ones, the ones which operate more strongly than others, against our farmers, in spite of the excellent work done by the Provincial Government, our District representative and our Agricultural Colleges.

Suggested Remedies

How can we explain that we note so many weak points in the organization of our farms? In my opinion, they may be given in this way; either the farmers still have something to learn of the scientific and rational agriculture—or they are lacking of credits to make the necessary ameliorations, in other words to realize in practice new methods.

I am not qualified to discuss credits to farmers here. That is out of my line of work. It may be that something should be done in this line of work. Of course many farmers will be willing to spend money for a silo, for the improvement of their cowbarns, or for the buying of limestone in order to improve the texture of the soil for clover production, but they cannot undertake such work, because they are handicapped by a lack of credits. Nevertheless, If I consider the credits to the farmers as a question which deserves full consideration, it is my opinion that the problem of the low labour income of our farmers cannot entirely be solved by that remedy. Credit may, to a certain extent, soften the evil, may help to cure it, but alone, as someone many think yet, it is not able to solve the problem. What we need necessarily in my opinion, actually is two kinds of remedies, mediate and immediate ones.

Mediate Remedies

Among the mediate remedies are the following:—

(1) Unity of conception among all agricultural propagandists upon the system of our farming, which is based and must be based in general upon an efficient milk and hog production, with a good side line. All our men should have that conception always in mind, in whatever line they may be specialized. The success of our farmers will depend largely upon their efficiency to produce milk and bacon.

(2) A campaign stronger than in the past if possible in regard to clover and alfalfa production; in regard to corn silage in the Montreal region and roots in the rest of the province. Two things have handicapped the success of clover in certain parts of our province; the texture of the soil and the poor value of manure. I am glad to say that our Provincial Government, by the intermediary of its Field Crops Department, is starting a campaign for the construction of manure sheds, giving special subsidies to farmers who wish to build manure sheds, and another campaign on limestone to be applied on clay soil. These campaigns are very good, and I hope that Mr. Phil. Roy, Chief of the Field Crop Department, will make a success of them.

(3) Cow testing, feeding and breeding associations under the direction of a supervisor, who will test the milk and will survey the feeding and breeding. Such as they are now, most of our farmers need a constant direction along those lines. Feeding a cow efficiently and economically is a difficult problem. It is still a more difficult problem to know the right kind of concentrates to buy. All those difficulties may be easily solved by a good supervisor, a specialist in animal husbandry. Mr. A. Morin, General Secretary of the Provincial Breeders' Association in Quebec, is responsible for this suggestion. He is the man who may give this Committee all the explanations upon the organizations and functioning of those associations in existence in the United States and Denmark I think.

Immediate Remedies

I have two other immediate remedies to point out before finishing this too long study.

(1) The creation in our province of a strong Department of Agricultural Economics, entirely devoted to the study of the economical questions, by means of survey work on any kind of lines in agriculture, especially on markets. This Department, analyzing the agricultural situation, will furnish to our agricultural colleges the information they need for an up-to-date point teaching, and to the men on extension work, right and sound directions.

(2) The second immediate remedy is more agricultural teaching. Let us put more stress on agricultural teaching, not only in our schools affiliated to the universities, but at the different degrees of our rural schools, both secondary and primary, in order to prepare the youth to a better understanding of new rational methods of farming. The money that the Government invests in agricultural education is the money which will contribute the most to build up Canada on a stronger basis, and to keep our farmers on the farms.

This is what I have prepared for you, but if there is anything else along the same line which I have omitted, I will be pleased to answer your questions to the best of my ability.

The CHAIRMAN: You may sit down now, Mr. Toupin, and we will question you.

A lot of practical things have been suggested in this paper, and I would like some of the practical men on this Committee to explore some of the avenues of thought which the Professor has so ably opened up to us.

By Mr. Hammell:

Q. You stated in the first part of your article that you found the average labour income of a farmer was $338?—A. Yes.

Q. What was in your mind in asserting that?—A. Well, Mr. Chairman, I will answer that by saying that I take it for granted that this work was done by Mr. J. A. Ste. Marie. I am not in a position to give you the proper answer, as to the way Mr. Ste. Marie found these figures.

By the Chairman:

Q. In other words, Professor Toupin, you took as a basis certain figures arrived at by Mr. J. A. Ste. Marie, but you have not investigated those figures yourself, although you believe them to be accurate?—A. Yes, sir.

By Mr. Sales:

Q. There is one thing I would like to know, Professor, if you tell us, that is, whether that is after due allowance is made for money invested in the farm?—A. Yes, at 6 per cent.

By Mr. Elliott:

Q. Have you conducted in the Province of Quebec any system of farm surveys?—A. You mean, our college?

Q. No, in any way?—A. The only survey made in the Province of Quebec has been made by the Central Experimental Farm at Ottawa. Mr. Chagnon is a husbandman at the farm, and he made a survey in 1920. Last year the man who succeeded Mr. Chagnon made a second survey, and he gave me the figures last night. I can mention them in my report, if you wish them. They are still worse. I will give you some figures from the survey made last year in the three counties of Pontiac, Sherbrooke and Bonaventure, in the region of Campbell's Bay, Lennoxville, New Richmond, Ste. Anne de la Pocatiere, St. Casimir and St. Fabien. In the region of Campbell's Bay, Pontiac County, a group of thirty farms has been studied, and the labour income has indicated a loss of $99. In Lennoxville, Sherbrooke county, a group of thirty farms showed a negative labour income of $53. There is a loss every way in these six regions; the labour income is negative. In the first region the loss was $99, in the second the loss was $33, in the third the loss was $117, in the fourth the loss was $136, in the fifth the loss was $10, and in the sixth the loss was $399.

By the Chairman:

Q. Were they fair farms?—A. Yes, sir, but operated at a loss.

Q. On each farm?—A. On each farm.

Q. They made an average loss?—A. Yes.

Q. Such as you have mentioned?—A. I think that is per group, not per farm.

By Mr. Elliott:

Q. How were those groups determined?—A. That is outside of my line. I am taking the figures for granted. The experts have studied the situation, and have told me that the situation is such, and I believe it.

Q. I am not questioning the figures, but I would like to know how they formed those groups?—A. Such survey work is based on the average farm.

Q. A group of farmers in a district?—A. Yes.

Q. Were they representative farmers?—A. Yes, sir, I believe so.

By Mr. Sales:

Q. Before 1920, when this loss appears, these men had not been going along every year in that fashion, or they would have been out of business; there is something that has changed that situation?—A. I understand what you mean. You mean that something must have changed the conditions?

Q. They must have been feeding their cows the same in 1920 as in 1919, 1918 and 1917, and if they had been losing money from year to year they would have been out of business; there has been a change; what is it, in your opinion?

By the Chairman:

Q. Do you understand the question? (Repeats question in French.)—A. Well, I will make the answer in this way; we cannot say that the low labour

income mentioned here has arisen every year; we cannot say that, but we may say in general that the labour income is low, and it is low for the reason I am mentioning here.

Q. But Mr. Sales' idea is this; do you think this low labour income has persisted for many years past?—A. No, I do not think so.

Q. When was the change made, when did the change occur, and why?—A. You mean the decrease in the labour income. Well, as to labour income, we may say that the rural population is based upon those who have the farms; I cannot say that it was five years ago, because I have no data.

By Mr. Sales:

Q. But there has not been very much change in the rural life of Quebec; you have not had a floating population, old families moving away and new families coming in, families have been on these farms for many years, I understand; is that not so?—A. Yes, certainly. Now, Mr. Chairman, I might explain —I think I can give some explanation in this way; you asked me if in the past our farmers made a low labour income. My answer is yes, because our population is able to adapt itself to a crisis; our population in Quebec is able to face a crisis. Take for instance a failure like this labour income negative of $99. That means that this farmer has paid his interest. Maybe I can give you a definition of labour income; we mean by labour income this, the difference between receipts and expenditures. We take the receipts on one side and the expenses on the other side, make a subtraction, and take off the interest on the capital. It means that these farmers to a certain extent have lifted the interest, plus the use of their houses and plus the products of their farms. If our farmers have been able to face a crisis, it is because they are able to adapt themselves to hard circumstances, rather than buy two pairs of shoes a year they will buy none or they will buy one. That is what I mean.

Q. But they must buy some for winter?—A. Yes, they buy some, I know. That is the only explanation I can give of the past.

By Mr. Hammell:

Q. They live according to their income?—A. They live according to their income; in consequence I get a very low labour income. As to our rural population, you ask me how can a man keep on if he operates at a loss every year? I say he will not stay on the farm. The French habitant goes to the United States, because he does not make any money in Quebec. That is my explanation.

By Mr. Sales:

Q. Do you admit that you have a rural depopulation in Quebec?—A. Yes.

Q. You do?—A. Yes.

Q. I have always been told that Quebec was rather prosperous?—A. In comparison with yours ours is a rural population.

By Mr. McKay:

Q. You have a surplus, you can spare some?—A. I don't know.

By Mr. Sales:

Q. I was in Quebec a year ago and the Honourable Mr. Motherwell, the Minister of Agriculture, said that Quebec was prosperous because the French farmer had a large family and that he did not pay them any wages; is that correct?—A. I cannot answer the question.

Q. Do the French farmers pay their sons and daughters wages, who work on the farms?—A. No, sir.

Q. That proves Honourable Mr. Motherwell's statement?—A. My father gave me a division; that was the best he gave me.

By the Chairman:

Q. You might just tell us the features of rural depopulation in Quebec at present, whether people are leaving, and why?—A. Mr. Chairman, I come into this, not on past situations but the future. I start with this point of view, that according to our survey work in Quebec we are making a low labour income. I take this data for granted. We are making a low labour income. I know that in Quebec our rural depopulation is not so great as in the other provinces, but in the cities we have more people than in the counties, in Quebec. I have tried before this committee to give remedies, and that is the point upon which I would like to be questioned, what can we do to make better the situation of our farmers?

By Mr. McKay:

Q. How would you keep the population on the farm?—A. By trying to improve their condition, in order that we may increase their labour income, and to increase their labour income I say this, that we have to admit that the majority of our farmers must base their farming system on milk and hog raising, and I have proved my assertion by giving you some economic factors. We have in Quebec a milk and hog production, and that is in our opinion the basis of our system of farming. Starting at that point, I would be glad to use the efforts of other agricultural colleges and movements to adopt a programme or a method of making extension work, to start with this point of view, that the great majority of farmers must have a system of farming based upon making hog production their system of work.

By Mr. Robinson:

Q. You think the failure of the farmer is due to himself and his methods? —A. Yes, to himself and his methods. It comes from errors within himself, as I have shown to you. For instance, the great majority of our farmers are producing milk and hogs, but they have not a systematic production of crops; they produce timothy hay, but they do not produce enough clover and silage. What is the consequence of that? They try to produce milk and hog raising without any proper raw material, the material to be transformed is not of the right kind. Our farmers do not know that they have not sufficient organization of their field crops, first of all.

By Mr. Milne:

Q. Supposing the whole of the Dominion started raising milk and hogs, what would be the result?—A. In my remedies I said this; we need in Quebec, as every province needs in my opinion, a Department of Agricultural Economics. I will answer the question in this way: If we have no Department of Agricultural Economics, to study our mistakes, I think if everybody produced milk the situation would be bad, but if we have men who keep their eyes open in the market in England, to indicate what kind of product we have for the foreign market, I think there is no danger of producing more milk than of butter and cheese, first to furnish our own local market, and send the overflow to England. That at least is my opinion. Dr. Grisdale, after returning from England, said that we have in England a sure market for our dairy products, and our market is limited only by the quality of our products. That means that there is no danger of our producing more milk, because we have a home market and an assured foreign market.

Q. Do you know what preference Denmark has in growing bacon now, on account of the exchange rate?—A. Denmark is in a better position than Canada, but I do not suppose Denmark is able to supply England alone.

By Mr. Gardiner:

Q. Have you any system in England of grading your farm products when overseas to keep them uniform?—A. You ask me if we have a system?

By the Chairman:

Q. Any Government system?—A. I do not know that I am in a position to give a right answer to that question.

By Mr. Elliott:

Q. On your own farm or in your vicinity the farmers are largely engaged in the production of milk?—A. Yes.

Q. Do they sell that milk in the cities?—A. Some in the vicinity of our large cities sell their milk in nature, but outside a certain centre they send their milk to the dairy manufacturer.

Q. Do you know what the cost of production is of 100 pounds of milk, in your vicinity?—A. No. I do not.

Q. Do you know what milk is selling for in the City of Montreal?—A. Actually I cannot give you any right figures.

Q. Did you ever recommend, or do you think it is good practice to recommend cows freshening in the fall rather than in the spring?—A. Yes.

Q. You think that is a good system?—A. I think it is a good system, provided you organize your movement towards that system. At Oka College we have a considerable number of cows, and the Director of the Department of my college told me before coming here that the increase would be 20 to 30 per cent on the average cow if they freshened by the fall.

By the Chairman:

Q. I think the Committee would be interested if you would tell them what herds you have at your college. You have Canadian cattle and Ayrshires, have you not?—A. We also have Holsteins, a few head of Holsteins.

Q. You have I think some figures on the milk production of those different herds. I think the Committee would be interested in hearing those?—A. We have a herd of Canadian cows, about 25 head, and a herd of Ayrshires of about 55 head; the average last year of our Ayrshires—this average is based on 46 cows last year—was 8,984 pounds of milk, fat 345 pounds, and butter 406 pounds. That was the average of our Ayrshires.

Q. When you say fat, you mean butter fat?—A. Yes, sir, I mean butter fat.

Q. How many pounds, did you say?—A. 345 pounds.

Q. And butter?—A. 406 pounds.

By Mr. Elliott:

Q. A splendid record.—A. For our Canadian cows, the average has been 8,345 pounds, butter fat 361 pounds, and butter 425 pounds, or more than the average of the Ayrshires.

By the Chairman:

Q. What did you say the average milk production of the Canadian cattle was?—A. 8,345 pounds.

By Mr. Sales:

Q. The cattle you call Canadian cattle are Holsteins?—A. No, sir.

By the Chairman:

Q. Tell us what a French-Canadian cow is?—A. It is a French-Canadian cow, the history of which is more or less well known. The origin of the French-Canadian cow was that it came from Normandy, in the north of France; it was brought out to the colony.

Q. It was brought out by the French colonists?—A. It was brought out by the French colonists in the early days, kept in Quebec, and this breed has multiplied since about twenty-five years.

Q. You have a book, the same as other breeds?—A. Yes.

By Mr. Sales:

Q. Is it a dairy cow?—A. Yes, sir, it is a dairy cow.

By the Chairman:

Q. Is it somewhat like a Jersey?—A. Something like a Jersey.

Q. Only somewhat sturdier, somewhat hardier?—A. Yes.

By Mr. Hammell:

Q. Did you give the Holstein average?—A. No. We have only a few head. The average of our whole forty-six cows, the whole herd, is 8,901 pounds of milk; that is the average for the whole herd.

By the Chairman:

Q. Ayrshires and Canadians combined?—A. Yes, sir, Ayrshires and Canadians combined.

By Mr. Sales:

Q. Tell us how much profit you make—because that is the point.—A. I will tell you. The college has not the control of the herd, and on account of that fact I cannot give you exactly the cost of our milk. That is my first reason. The second reason is that we cannot base any argumentation on the cost of our milk at Oka, because most of the men who work in the cow barns are monks and cheap labour. Then we haven't any conclusive figures there on the cost of milk. You might figure the profit made per cow very easily, I think

By Mr. Hammell:

Q. Is it not a fact that any cow giving more than 4,000 pounds a year is looked upon as a profitable animal?—A. No, I would not say 4,000.

Q. Where would you start?—A. I would start at 6,000 pounds.

By the Chairman:

Q. Would you say that the cow that gives less than 6,000 pounds of milk is a boarder rather than a helper?—I would not say she was a boarder rather than a helper. Four thousand is too low. If you take 6,000 you have a chance, if you raise hogs, maybe to make a small labour income. But I would not dare to start a system of farming, basing my hopes on any production per cow of less than 6,000 pounds of milk.

By Mr. Hammell:

Q. I meant that almost every cow producing over 4,000 pounds was paying for herself, that she was not paying very much of a profit, but it would not be a loss?—A. I think your starting point is a little bit low.

Mr. ELLIOTT: I think so too.

By Mr. Hammell:

Q. I am taking the figures of the Ontario Agricultural College, and such institutions.—A. I never have made any survey work of that kind.

By Mr. McKay:

Q. Would that not depend largely upon the test of the milk a cow gives; if a cow gives 4,000 pounds testing 6 per cent?—A. Provided you sell the milk based upon butter fat.

Mr. HAMMELL: I would not expect a Shorthorn to give 6,000 pounds of milk either, nor a Polled Angus.

By the Chairman:

Q. How is the cheese at Oka made, by the college or by the monks?—A. By the monks.

Q. Do the monks teach the men at the colege to make the cheese?—A. No.

Q. That cheese is very profitable to make?—A. I think so.

Mr. SALES: Is this another close corporation?

The CHAIRMAN: You and I cannot enter into that. Are there any other questions to ask the Professor, because we have Mr. Cumming here, from Nova Scotia.

By Mr. Elliott:

Q. You spoke about buying concentrates. Do you not think if the farmers would endeavour to grow those concentrates on their farms that they would be able to produce milk very much cheaper than by spending money for the purchase of it?—A. In the actual situation our farmers are making a big mistake in the buying of concentrates, and for this reason, as I told you, the basic ration, the forage ration, is made up of foods, poor in certain principle, what we call protein. Those foods are timothy, hay, corn, fodder and straw. Now, they do not know how to complete this forage and they buy bran and middlings. That is the only concentrate that is practically sold and with such forage they should buy linseed oil meal, cotton seed meal, high protein feed, to complete the rations. the low average of our cows—I think I might make this statement not only for the province of Quebec, but for any province, is along the line of feeding actually, in my opinion. I am doing work with farmers in the County of Two Mountains, and I have prepared by letters some rations, and believe me I cannot see how it is possible to produce milk with the forage enumerated and with the concentrate they have.

Q. That is with the concentrates which they grow.—A. They grow oats and they grow barley, and oats and barley mixed together and grain cannot compete with the ration made of timothy and straw. You have to put cotton seed meal, linseed oil meal or gluten in in order to make up a complete and full ration.

Q. Supposing you were to grow alfalfa in clover, hay, feed and oats and barley?—A. You would have a big chance to have a complete ration; and that is the reason that I would like to see a campaign on clover and alfalfa in the Province of Quebec, because you will make your ration cheaper.

By Mr. Sales:

Q. You do not depend much on the importance of bran and middlings? —A. Bran and middlings is important upon concentrates. You bring up the question, may be you will be interested in knowing that. According to the experiments made since a few years from protein we have found that each concentrate, let us say, bran and middlings, cotton seed meal, linseed oil meal, oats, all those concentrates are incomplete in various principles, and if you want

to make more nutrition, you have to combine the four, five or six kinds. Do your understand? That is the reason I told you bran is good, but not alone.

Q. You are making experiments with two or three farmers?—A. I am advising.

Q. Well, will you do this for a year: ask these people to keep exactly an account of every hour they put in there so you will know the cost of producing, to see if it is possible to pay the farmer a decent wage and his children a decent wage, as compared with the men in the city. If you will follow it out for a year you are doing a really practical service. I would commend that side of it to you.

The CHAIRMAN: We are very much obliged to the professor and I am sure we have appreciated his testimony very much, especially when you consider he is giving his testimony in a different language from the one he has learned. He told me when he first went to Cornell he did not know any English. I thank you very much, Professor.

Witness retired.

MELVILLE CUMMING, called, sworn and examined.

By the Chairman:

Q. Mr. Cumming, you occupy a position, I understand, with the Government of Nova Scotia, which is equivalent to that of deputy minister?—A. Yes.

Q. And you have been deputed by your Government to come before this Committee and tell us about the conditions of agriculture in the Maritime Province of Nova Scotia?—A. Yes.

Q. And if the situation is not as it should be, to make some suggestions as to methods of betterment?

Q. I think you have possibly prepared some general statement to make to us. My proposal is that you make that general statement and then we will question you on different matters.—A. Mr. Chairman, unfortunately, unlike the preceding witnesses, I did not supply myself with a formidable array of papers. It happens to be a busy season, but I have here different data which I gathered together at a number of farmers' meetings, which I happened to have been at during the past two weeks. However, I would like to say a few things about agriculture in our country, and I will try to be as specific as I can. Anticipating this occasion, I met, for example, last Friday with a group of representative farmers in our fruit-growing section at Kentville, Nova Scotia, to inquire into prevailing conditions, and to learn from them as to whether they thought any steps could be taken to affect an improvement on those conditions. Now, I might say, and of course you will be prepared to hear this, that conditions in Nova Scotia, so far as agriculture is concerned, are very considerably depressed, but having, during the past few weeks, gone from one end of the province to the other, I find that the general attitude of the farmer is rather to regard this condition as an abnormal one, and to look forward with a reasonable degree of hope to an improvement of conditions by which they will be restored to a greater degree of prosperity. I submit to you a few figures, given to me by those fruit growers, relative to that one product, and they are practically the same figures that apply to other products. I took figures from the United Fruit Company, which is a corporation that will handle about forty per cent of the fruit crop of Nova Scotia, and which handles perhaps sixty per cent of the fertilizer, feeds, et cetera, bought in that part of the country. In the years 1920-1921, the average price they paid for apples, No.'s 1, 2 and 3 was $3.84 per barrel, net, to their members. In 1921-1922, $3.24. The figures are not com-

plete for the current year, but I have a statement issued up to a few days ago, and roughly the fruit growers will receive for their apples between $1.80 and $2. Now, I turned to these men and said, "have you any data on the actual cost of producing these apples that would give us some idea as to where you stand this year, the return this year compared with other years?" and I got several fruit growers to prepare exhaustive statements as to growing a barrel of apples, and the figures I submit to you now show the putting of one barrel of apples on the car, including cost and investment, and so on, including the cost of the package and everything else. One man gave me $2.27 as his actual cost. That is for the fall of the year 1922. Oddly enough, Mr. Ray Clark gives me an actual figure of $2.28. Mr. E. H. Johnson gave me $2.27.

Q. Let me just interject here.—A. I just want to show what the spread is. I have a memorandum from the Canadian Horticultural Council, submitted by Mr. Turney, secretary-treasurer of the New Brunswick Fruit Growers. He says, "I should say that the present day cost of producing and packing apples, ready for shipment to New Brunswick is about $2 per barrel." I asked Mr. Blair, Superintendent of the Dominion Experimental Farms, to make as near as he could, an estimate for the whole of the Annapolis valley. In his figures he arrives at an average cost of a barrel of apples at $2.12½, so they run moderately close together. What these men told me in Kentville was that their average return would be somewhere between $1.80 and $2. You will see that during the two preceding years they enjoyed a good degree of prosperity, and anyone familiar with the commerce of Eastern Canada will know that in the Annapolis valley preceding this year for 1920 there was a large degree of prosperity, but in this year they are suffering a loss, around 20 or 25 cents a barrel, and that spread over a production of somewhere close to two million barrels represents a substantial figure. If you were to meet any man who has been selling goods in the Annapolis valley, you would find he reports things quiet this year. The spread between the losses figured out and the cost is not so large as it has been represented in respect to certain other commodities, a matter of perhaps 20 or 25 cents a barrel. Some suggestions I am asked to make to you will, I think, be relatively large.

Q. Will you give one or two?—A. You will not be surprised to find the very first thing is the freight rates. I understand that that question of freight rates has been well represented by a man who knows more about freight rates in Nova Scotia than any one. I refer to Mr. Chase, who could not be surpassed in that regard.

The CHAIRMAN: We extracted some information from the transportation men themselves.—A. Without going further into this question, our men do say they feel they have a real grievance, when you figure their average between $1.80 to $2; it costs them about 40 cents to get that barrel to the shipper and about $1 to get it over.

Q. What proportion of the production of apples in Nova Scotia is shipped out of Nova Scotia?—A. I could not answer that authoritatively, but it would be roughly approaching two-thirds. There would be a good deal over a million barrels shipped out this year, and our highest production will be in the neighbourhood of 1,800,000 barrels. We have our shipments to Montreal, and a large amount of home products used. We think we have a real grievance in freight rates and hope some further measures may be taken to remedy that situation.

Q. That is the ocean freight rates?—A. We will not forget the other rates, and the United Fruit Company sold in Montreal this last year, I think, 107,000 or 117,000 barrels of apples. I am not posted in these figures. They simply tell me they regard it as abnormally high.

By Mr. Elliott:

Q. Are these rates higher for local than they are for export consumption?—A. Yes, both, absolutely and relatively. Relatively they are very considerably higher. Now, the next point these men brought to my attention was the sales tax question. They said, "we are willing to stand our share of the sales tax," but they thought there were one or two things in respect to which the sales tax should be removed. The two they refer to are the sales tax on spraying material and the sales tax on barrels. In respect to spraying material at the present time, no sales tax is paid on fertilizer. Spraying material comes in almost the same class and is in a measure, I was going to say more important, because you can generally get a farmer to buy fertilizer in our country. He may be more cautious about spraying material. The sales tax part of spraying material amounted to from one to two cents a barrel. If that sales tax on spraying material alone were removed, which by the way in our country is considerable, then in one case there was an actual sales tax amounting to $8\frac{1}{4}$ per cent paid on this material, which figures out, depending upon how thoroughly a man sprays, to somewhere in the vicinity of from one to two cents a barrel.

By Mr. Sales:

Q. You are recommending this principle, that the sales tax should be removed on things which enter into production?—A. I am free to confess I have not thought out how far that should go.

The CHAIRMAN: Do not forget that the witness is a Nova Scotian, and so is the Minister of Finance.

Mr. SALES: He mentioned that point. I was wondering whether you believe in that principle.

WITNESS: I would not like to answer that question. I have not thought it out in its wide implications. I am talking very specifically about it.

Q. It is a good principle, I think.—A. I happened to talk to the Minister of Finance yesterday for an hour or two along these lines.

Q. And used a little moral persuasion?—A. You buy a barrel of apples. You are in the fruit business and you make your own barrel, you sell it packed, no sales tax comes in that transaction, but if you buy your barrel you have to pay the sales tax. Our barrels run around 50 cents, and the sales tax is $4\frac{1}{2}$ cents. There is another two cents. When we are trying to cut down the spread of two cents—if we get the remaining 16 cents, our fruit growers tell me they would not have much kick at all. We use fertilizer in the farms of Nova Scotia and usually it is largely unprofitable. The freight rates on fertilizer are considerably lower than certain other commodities, but there is one particular kind of fertilizer which we did not use largely but which we are now using largely, that is nitrate of soda. This year the United Fruit Company will handle 1,400 tons. That is charged double the freight of any other fertilizer, the reason being that that is used for explosive purposes, and the transportation companies claim that there is a slight amount of danger.

By Mr. Caldwell:

Q. It is not explosive alone unless mixed with other ingredients?—A. No.

By the Chairman:

Q. I suppose it is a higher priced article and can bear a higher rate of freight?—A. We have had some concession. Prior to last year we had to pay double the freight on nitrate of soda, and further we are not allowed to carry it with any other ingredients. Last year I made representations to the Railway Board with another gentleman, and they agreed to let us carry 25 per cent,

carried at the regular fertilizer rates. I think that would solve the situation pretty well for all the Maritime Provinces except the Valley. There will be thirty or forty or fifty carload lots moving out this month. I think we are asking for reasonable consideration, in that nitrate of soda be granted the same freight rates as other commodities.

By Mr. Hammell:

Q. I suppose this fertilizer does not weigh much more than a ton of other fertilizer?—A. This is what they tell me: Nitrate of soda originates first in Chile, brought in steamers to New York, Baltimore, Boston. It is brought to our country by water locally.

By the Chairman:

Q. Freight rates it seems to me, from the little experience I have, are based on what the traffic will bear?—A. Absolutely. That is what this is on. Fertilizer.

By Mr. Robinson:

Q. Before you leave this sales tax on barrels, there is something there I would like to speak about.—A. If a man manufactures barrels and sells them, the tax has to be paid, 4½ per cent.

Q. Well now, the fruit companies supply their customers. They do not manufacture any barrels?—A. No.

Q. The fruit company as a whole buys barrels?—A. I do not think they resell. I think they give them to the members of their company.

Q. Are they allowed to do that?—A. That is a point they brought up, and they are doing it. I guess they feel it is quite legitimate.

Q. The barrel in that case is simply a container?—A. Yes.

Q. The manufacturer pays the tax?—A. Their case can be entirely offset if their tax could be removed.

By Mr. Caldwell:

Q. As to the freight rate on nitrate of soda, is it not a fact that 100 pounds of nitrate of soda is less bulk than almost any other material?—A. Yes.

Q. Is it not a fact that freight rates are based upon the bulk?—A. I do not know.

Q. You cannot get many tons in a car. It is absolutely not dangerous to handle?—A. That is right.

Q. It is not inflammable, nor it is not explosive by concussion alone, except it is mixed with saltpetre. It is not dangerous to handle?—A. I believe there have been instances, but I never heard of spontaneous combustion. I do not think it is true. I may say that during the war I handled for our Government a good many thousand tons of fertilizer. I bought a lot of nitrate of soda, stored it in a warehouse, and I kept a hundred pounds in a warehouse all winter, and sold it out in the spring. I think that request is absolutely reasonable, coming from the fruit growers, and I do not think you ought to hesitate a moment in saying that is a reasonable request, and in granting it, not only to the fruit growers, but also to the potato growers. I was not going to waste time on a lot of details. I was going to come down to specific things which I thought you might help us out in. We spent a great part of the day in this fruit conference in talking about the bi-product of the apple. Up to recent years we have not done much with the bi-product of the apple. We have made a little cider, but unfortunately, especially during the war, we shipped out inferior apples over to England, No. 3's in large quantities. Unfortunately it is

[Mr. Melville Cumming.]

followed up to-day. I notice for the current year I happen to have some prices. The statement for the current year is issued on April 2nd. The United Fruit Companies will pay for Baldwin's, No. 1, $2.42; No. 2's, $1.67; No. 3's, 72 cents. It is very clear from that standpoint and still more from the standpoint that we are sending an inferior article over, if we can consume these No. 3's it would be a good thing. There are several factories in Nova Scotia where they are making a lot of cider. The United Fruit Companies are making a lot of vinegar.

By the Chairman:

Q. Is not that strawberry jam?—A. There is a thing that will bear the utmost investigation. This jam business is a matter we are talking a good deal about, in consuming the bi-product. I myself went through the Valley a few years ago with a big English manufacturer. I thought about that sort of thing, and he said "I do not see at present how I can manufacture here", because he pointed out certain duties on container and sugar. The reason I am not developing that is because I am not conversant enough with it. I do not know the subject well enough to have my opinions aired, but he said "there is a limiting factor." None the less we would like to have this question pretty carefully investigated, and I do not think I need more than ask your Committee to bear out the Dominion Agricultural Committee's stand. Last year we made a large amount of canned apples. The prices are so low they will not ever pay the cost of production. I understand however, that the de-hydrated process is now coming into use, and that the de-hydrated article is sold at a good deal higher figure.

Q. What is the difference in the two?—A. I do not know. I think they have some vacuum processes that make it a particularly fine article, and I believe if we could get any assistance in giving us expert advice in respect to developing that process and still more in respect to finding out markets, that all the way through it would enable us to consume inferior fruits, and the bi-product would be a better thing.

Q. When you can apples you have to use tin containers and you have to use sugar?—A. Do not press me too far, because I had hoped to bring before you the best authority in Nova Scotia, a man who has had a great experience of cider factories, and I would like to have this gentlemen come before you.

By the Chairman:

Q. You might give us his name?—A. J. W. Salter of Bridgetown. He has a great amount of information, and I think it is a very valuable line of work with great possibilities.

By Mr. Caldwell:

Q. You spoke of a British manufacturer coming to Nova Scotia and stating that he could not manufacture there. That was because of what?—A. Because of the duty on containers, the duty on sugar, and the high cost of labour.

Q. What year was that?—A. It was before the war. I think it was about 1913.

Q. Do you say that the cost of labour was very high in Nova Scotia at that time?—A. We considered that it was higher than in England, very much higher. In England they were hiring farm labour at 2 shillings a day in those times. Now, I have gone over the complete situation, and I think I have fairly thoroughly covered it. If there are any more questions to be asked, I shall be glad to answer them. There is just one other point that I would like to mention if you are not going to take up another witness. There is one other great grievance that we have down there; it is in respect to the storage of our apples at the Halifax terminals, from which most of our fruit goes. This winter has

been very severe, and there is no storage there worth while. We get reports from England that wasted fruit is arriving there, and it is reported to be due to the frosted condition. Our growers have been calling for some time for a frost-proof warehouse at the terminals, and I think that that is a question that should receive consideration. I have been asked to make representations on that point.

By Mr. Sales:

Q. How do you expect us to help you?—A. If you are going to make recommendations to improve agricultural conditions, we regard that as a matter of great importance and one which should receive consideration.

By the Chairman:

Q. It would help the marketing?—A. We have the railways, and the cars, and the terminals, but there is just one link missing to make our shipping facilities complete. One great trouble we have is that when a large ocean liner calls, and we are asked to send down ten thousand barrels of apples, there may be difficulty in getting them down in time.

By Mr. Caldwell:

Q. It is difficult to get enough heated cars?—A. That is so. We have lost shipments on that account, and if we had good storage, it would be very valuable in enabling us to handle such shipments.

By the Chairman:

Q. You are not going away to-night?—A. No. I have something to say on the dairying question, and I would like to get more data before going on with that.

The CHAIRMAN: Then we may adjourn until to-morrow. Have you anything further to tell us before you take up the dairying industry?—A. No; just general farming conditions.

By Mr. Elliott:

Q. How do you find the prices which you receive for the fruit that you ship to Montreal as compared with the prices in the Old Country markets?—A. I cannot answer that. I do know that there is a difference of opinion among our shippers. The United Fruit Company regard Montreal as one of the best markets, and they are pressing to get better or cheaper transportation. They ship 107,000 barrels to Montreal, so that is a pretty big market. We used to ship heavily to Winnipeg, but the freight rates have cut us off that market altogether. We have one big advantage in Nova Scotia in producing apples—our lands are not heavily capitalized, and we have one of the best fruit-growing areas in the whole of Canada.

By Mr. Sales:

Q. You are producing a barrel of apples for the same price as they are producing a box in British Columbia?—A. Yes, and we claim that our resources in Nova Scotia are capable of tremendous development if we can get better marketing facilities.

By the Chairman:

Q. How many boxes are there in a barrel?—A. About three. We claim that Nova Scotia does not take second place to any country in producing bulk fruit.

Q. I think that a great deal of the cost of British Columbia fruit is due to its being grown on land that has been boosted up by land speculators?—A.

Do not forget that in Nova Scotia if a man wants to get land, we do not sell him a fruit ranch; we sell him 100 acres, of which 20 acres may be orchard and the balance general farming land. I gave you a case to-day, 2-12 producing apples under fairly normal conditions.

By Mr. Sales:

Q. You want a reduction of freight rates on apples going westward?—A. We certainly do want it. We would like to give you fellows in the West a lot of cheap apples.

Q. We would like to see them.—A. We are with you. These are the really serious points that we wish you to consider. I have dealt with them in an offhand way, but they are very serious points. We have a great producing area in Nova Scotia. We are only producing about one-tenth of what we can produce. It is just a point of marketing.

The CHAIRMAN: And you have a population which in mental equipment is not greatly inferior to any other?

Mr. SALES: What have you to say to that, Mr. Munro?

Mr. MUNRO: The fruit that is grown on the high-priced land to which the Chairman has referred is in competition with fruit grown all over Canada.

The CHAIRMAN: It came out that the alleged cost of producing—I am not talking about the price they are getting—but it is alleged that the cost of producing a box of apples in British Columbia is about the same as the cost of producing a barrel in Nova Scotia, and I suggested that that was partly at least due to the land values which I think were increased by speculation. I may be wrong.

WITNESS: I hope that your reporter makes it clear that the figures I have quoted are the figures of practical farmers as to the cost of producing apples.

The CHAIRMAN: We get the *ipsissima verba.*

Witness retired.

The Committee adjourned until Wednesday, April 11, at 10.30 a.m.

HOUSE OF COMMONS,
ROOM 268,
WEDNESDAY, 11th April, 1923.

The Special Committee appointed to inquire into agricultural conditions throughout Canada met at 10.30 a.m., Mr. McMaster, the Chairman, Presiding.

On the Committee being called to order, Mr. Hammell brought to its attention reports in the Press concerning Mr. Grant, a former witness. He produced a clipping from one of the papers reporting certain proceedings in the Legislature of Manitoba.

After some discussion in Executive Session, it was decided that the Chairman of the Committee will correspond with the proper authority in Manitoba in reference to Mr. Grant's testimony and position.

Mr. HAMMELL: Another matter I wish to bring to the attention of the Committee is a clipping from the local Press in connection with the shipping of cattle to Great Britain. We were advised to ship all our cattle as "Store cattle" or "stockers"; then we could have the opportunity of selling them as

store cattle or beef cattle when they arrived in Great Britain. This is a Canadian Press despatch from London, quoting the Minister of Agriculture in England.

Mr. SALES: Will you read it Mr. Hammell, please?

Mr. HAMMELL: Yes.

> "London, March 30.—The Minister of Agriculture has issued an announcement calling attention to the provisions of the Act respecting the importation of store cattle, which applies only to store cattle as defined in the Act, namely animals intended for breeding purposes, not for immediate slaughter. It is not the intention of the Minister to allow fat cattle to be treated as store cattle, and to permit them to pass through the place of landing to inland markets and slaughter houses. Such cattle will be removed to the category of slaughter animals and be killed at the place of landing."

Mr. SALES: There is no fault to find with that.

Mr. HAMMELL: Yes I think there is. We were given to understand that we could ship fat cattle as store cattle. Then if the market was not suitable when they were landed, we could ship them to an inland market and keep them for three or four weeks, a short period of time, and then put them back on the market as fat cattle.

Mr. ELLIOTT: He is going to say that those cattle will not be stockers.

Mr. HAMMELL: I suppose that will be decided at the ports.

Mr. SALES: May I explain, Mr. Chairman? I have seen farmers at the Fat Stock Market in competition with butchers, where cattle were being sold to butchers who had hotel trade and such like; they would buy in our fat cattle, because there was an opportunity of further finishing them and giving the weight and prime quality to that beef. It is all a question of who is going to say when an animal has reached the height of prime.

Mr. HAMMELL: That is exactly what this clipping says; that such cattle will be removed to the category of slaughter animals.

Mr. SALES: If a butcher attends those markets and buys the cattle as fat cattle he says, we will not be able to move them around the country as men will who intend to further fit them. That is all I get from that dispatch.

Mr. HAMMELL: Suppose on the day they arrive the market is not favourable; he might send them 30 or 40 or 50 miles, keep them two or three weeks and put them on the market then.

Mr. ELLIOTT: It would resolve itself into this; if a butcher buys those cattle, they must be slaughtered. If a feeder buys them, he takes them into the country.

Mr. GARDINER: A recommendation has been made before this Committee with reference to shipping all our stock as stockers. That is exactly the point that occurred in Glasgow. Butchers were there in competition with the farmers to buy the Canadian stock as they were sold by auction. The butchers picked out what they thought was fit for their particular business and the farmers took the balance to feed. So that I think there should be not trouble in his matter at all. I read a Press dispatch the other day of the first sales that took place of our stocker cattle in Glasgow, which stated that the recommendations made before this Committee were evidently very good and to the point.

The CHAIRMAN: I see the possibility of trouble such as Mr. Hammell points out. I think it is wise to ship them all as stockers. If they are thin enough to pass as stockers, they will pass as stockers; and if they are so very

fat that they are not termed stockers, I suppose that they are liable to be slaughtered. I presume that Mr. Elliott speaks from experience when he says that if the butcher buys them they have to be slaughtered immediately, but if the farmer buys them they are regarded as stockers.

Mr. SALES: That is as I read the despatch.

The CHAIRMAN: We will continue with the evidence of Dr. Cumming.

MELVILLE CUMMING, recalled.

The CHAIRMAN: Before you begin, Dr. Cumming, the representative of one of the fairest apple regions in your province, desires to ask you a question

By Mr. Robinson:

Q. To what do you attribute the present low price of apples, Dr. Cumming?—A. Nova Scotia markets the bulk of her apple crop in England, and as far as we can tell, the low prices are due largely to the industrial conditions now prevailing there. Whether that is permanent or not is a matter of very serious consideration by fruit growers. Yesterday I told you that our fruit growers had had some three successive very prosperous years. This year conditions are reversed, and the problem they are facing is, have we come back to normal or are we subnormal? Judged on the basis of 1913 prices, it looks as if we are somewhere near normal, as it existed then, but what our fruit growers say is that if we are going to keep on in the business either prices for our fruit must go up or else the prices that enter into the cost of production, including transportation, must go down. You made a remark, Mr. Chairman, that led me to believe that possibly some of the recommendations which I endeavoured to present to you were maybe not called for. I took the ground that this Committee were prepared to deal with any practical suggestion, however small it might be, but it occurred to me afterwards that maybe in talking about sales tax, transportation, and a few small things of that sort, perhaps I was going a little beyond the province of this Committee?

The CHAIRMAN: Not at all, sir. If you are right and relief to present agriculture has to be found in a decrease of the prices of what the farmer has to buy, that is just the point.

By Mr. Robinson:

Q. Have the expenses of marketing a barrel of apples fallen any since the war?—A. No.

Q. I include in that the cost of the barrel and the picking of the apples In other words, have wages come down?—A. The cost of the barrel has been considerably reduced. We were paying as high as a dollar a barrel during the inflated years. We bought our barrels last year for around fifty cents.

By the Chairman:

Q. We might get that in a different way. You stated yesterday that the cost of producing a barrel of apples, plus the barrel, amounted to a little over two dollars.—A. I said between $2.12 and $2.30, according to the figures I have received.

Q. And I also pointed out that the memorandum received from the New Brunswick apple people put the cost of producing a barrel of apples at $2. Now what was the cost in 1913?—A. There were no accurate figures, but I remember the popular idea was that the cost of producing a barrel of apples, apart from the package, was in the vicinity of one dollar.

Q. And the packages cost at that time?—A. Twenty-five to thirty cents.

Q. So your cost of production has risen, in round figures, $1 since 1913?—A. Yes, that is about right.

Q. And you are getting for your crop at this time?—A. About the same or slightly more than we got in 1913.

By Mr. Sales:

Q. To what do you attribute the rise in the cost of production?—A. Wages enter into it. Freight enters very largely into it, for we buy in order to produce, quantities of fertilizer, and of course we buy various kinds of implements, and spraying materials, and so our freight bills are very heavy.

By Mr. Milne:

Q. The present price of implements and so on brings back the increased cost to the question of wages?—A. Yes.

By Mr. Sales:

Q. That all enters into the cost of production, the present cost of all your materials and also of labour.—A. Yes.

By the Chairman:

Q. Have taxes been raised?—A. Yes.

Q. Both municipal and all other taxes?—A. Yes. I cannot give you exact figures but I hear the farmers saying that they are paying about double the taxes they used to pay. I am not qualified to give accurate information on that point.

Q. Then if we have finished with apples, will you go on to dairy products?—A. Dairying is the most important branch of our general agriculture. It is followed not only in the sections that are not engaged in fruit growing, but even in the fruit growing sections dairying is an important branch of industry. We are not a big province, and therefore not big producers. None the less we have made moderately substantial progress in dairying, especially in respect to the manufacturing end of the business. I suppose that if I were to show you that we have increased the output of our creameries a thousand per cent in the last decade, that would sound like a pretty big figure. It does not mean that we have increased the production of our farms that much, but we have increased the actual manufacture in creameries, and we find, going back to individual farmers, that there has been quite a substantial increase, which however has not been maintained during this past year. We have reached a stage now where we are quite fearful as to what is going to happen if the present conditions continue.

It is difficult to get accurate figures in regard to the business side of dairying in Nova Scotia, but the prevalent feeling among the farmers is that either they are carrying on the business at some loss, or else in some cases, by very careful economization they are just carrying on the business and that is all. None the less, those farmers are not giving up hope by any means: they are expecting and hoping that the time is not far distant when things will be changed so that either their cost of production goes down or the returns are increased in the various ways we talked about when discussing the other phases of the question.

Now in the solving of this, there is no doubt that there are two sides to it. The farmer himself enters very strongly into it. I might give you specific figures and some of them will sound low, but they represent conditions in our country.

Some of the creameries in Nova Scotia operate six months, some twelve, and some intervening periods, so that the figures I give do not represent the total production of dairy products.

I find that the average patron of a Nova Scotia creamery last year produced 406 pounds of butter fat. Or rather I should say that he sold 406 pounds of butter fat to the creameries, and it was worth at forty cents a pound, $162.40.

Now the average patron of one of our oldest creameries, where the business had been longer established, sold an average of 731 pounds, worth $292.40.

The 20 best patrons, not abnormal men, at the same creamery, sold an average of $1,170 worth, where the average for the province was $162.40, or 2,925 pounds as compared with 406.

Taking those figures, which I could analyse a good deal further, we can see no good reason why there should not be a larger proportion of our men who are getting up to what 20 representative men have done. And when we analyze the work and find that in the main these 20 men use pure-bred sires, follow better rotations, feed better and so on, we have no hesitation in saying that a very substantial part of the agricultural problem to-day is in the hands of the farmer himself, and any kind of propaganda to show that he cannot in part solve his difficulties himself, does not exactly meet the condition.

Q. Which would you put in the first place, as regard increased production, the factor of feeding or of blood?—A. From the standpoint of the province of Nova Scotia, taking the cattle as they are today, I would unquestionably put feeding. That is we have moderately good blood, and we find that our farmers fall down on feeding more than on the factor of blood.

By Mr. Milne:

Q. And feeding is a practical remedy giving its effect at one, but producing better blood requires time?—A. Yes, I have pretty good evidence along that line, Mr. Chairman.

By The CHAIRMAN: It would be interesting because we had one gentleman come before us who said that as between feeding and breeding he put breeding as a factor in production above feeding.

Then we had yesterday Professor Toupin who said feeding is more important than breeding. You take about the same view?—A. Yes. I have a good deal of data upon that. It happens in our province that the pure-bred stock which the ordinary farmer uses is largely supplied through the medium of agricultural societies, and their proceedings are recorded through the office of which I have charge. Pure-bred bulls have been used in certain parts of Nova Scotia for a great many years, and as I look through the country I can think of sections where they have equally good blood with other sections, but they are not doing well, and when my men analyze it they come back every time and say it is a case of feeding. Our men would say there is no question but, given the amount of blood we have now, which is fairly good blood, then feeding is by far the most important.

By Mr. McKay:

Q. You stockmen all talk about sires. We hear very little about the dam. How is that?—A. The reason is that in a community where we find that no matter how well fed the stock, only a certain average is reached, and facing that problem in a practical fashion, we say: How can improvement be most quickly effected. We find that one sire may influence 50 or 100 cows and it

is largely for that reason we talk about sires. None the less in say the operations of our own farm, we have a very high class herd, and I really think we sometimes value our females more than the sires because we know that that is the source of our still better sires. I think we are inclined to talk from the standpoint of the constructive breeder a little too much about the sires and not enough about the value of a really good female.

By Mr. Milne:

Q. There is this feature of it, Dr. Cumming, that it is pretty hard for a man to discard his old herd and get new females, but he can get a new sire, and the sire is half the herd in breeding?—A. Yes, that is the point. You have put in a little clearer fashion what I have tried to say.

By Mr. McKay:

Q. One must be supplemental to the other before you get perfect stock. They are only mongrels until the females are as good as the sires?—A. Yes, and appropriate to your question, I happened to talk to the man who supplied the largest amount of cream to the Yarmouth Creamery. He is a very practical farmer, and used to manage Dr. Graham Bell's farm while carrying on his own at the same time. He said to me: "All you men are talking eternally about breeding; now in my operations I adopted the practice of buying my cows and I find over and over again that I buy from a farmer a pretty poor looking cow and bring her into my stable and feed her and I improve her immensely; not merely in leading to a larger production, but leading to a large production on economical lines.

By the Chairman:

Q. We must give environment its fair share of credit as well as heredity?—A. We certainly must.

Now so much on the general line. No artificial measures can be substituted for things the farmer can do himself. I have quoted figures showing that 20 farmers at one creamery are solving this problem. If 20 men can do it, it is reasonable to suppose that some more can do the same thing.

None the less these 20 will say "We are seriously handicapped at the present time by pretty much the same conditions which have been handicapping our fruit growers and other producers."

I brought this subject up last Thursday before the Agricultural Committee of the Provincial Legislature. I told them I was coming here, and I said, Can you tell me anything that I can tell this Committee in Ottawa in respect to which there might be a possibility of improving conditions? You will not be surprised to learn that the first thing spoken of was freight rates. Wherever you go it is freight rates. They passed a resolution saying, if anything can be done to adjust freight rates it means a great deal and they point out that the farmer pays freight rates two ways; on the stuff coming in to him and also on the stuff going out; so that he is hit twice. In the East, as regards dairying, our farmers are affected on this line more than in some other places. We are large buyers of feed, bran and middlings and such feeds, and freight rates enter very substantially into those costs. In fact I think in recent years freight rates doubled the cost, or the price we had to pay for bran and middlings. Those figures are not fresh in my memory, so that I cannot verify that at the moment, but you have heard enough about it, and I need not go into it more fully.

By Mr. Sales:

Q. What does your legislative committee mean by "adjustment" of freight rates? Do they really mean an adjustment or a reduction?—A. They mean a reduction.

Q. Then had you not better use the word "reduction?"—A. Yes, perhaps I used the word "adjustment" loosely. I thank you for the correction.

By the Chairman:

Q. Perhaps you used "adjustment" in the sense of making them "just," which would make them lower?

By Mr. Sales:

Q. But "adjustment" means that probably someone else is getting a cheaper rate somewhere else than your people get, and the use of the word might lead one to that conclusion?—A. Well, "reduction" is the word I mean. Then the next thing brought up, and which I regard as of very great importance, in the eastern part of Canada, is the effecting of an improvement in our local market situation, and speaking of dairying, this calls for just a brief comment. While dairying is the mainstay of our agriculture, our observation is that if the farmer is to make money he must in addition to dairying have a cash crop source of income also. Studying the affairs of our more successful farmers we find that if a farmer gets about 60, 70, or 75 per cent of his income from dairying, it should be possible for him to get 25 to 40 per cent of his income out of cash crops. There is where our biggest trouble lies in Nova Scotia to-day. We have a good country for producing such cash crops as potatoes, cabbage and anything else of that kind, chickens and so forth, but our local market is limited. If someone were to come to me, or had come to the Provincial Committee on Agriculture last Thursday and said "What is the most practical thing to be done to immediately improve the condition of the farmers in Nova Scotia?", we would say: If some means could be found by which interior Canada would buy more of our coal and any other manufactured product we can produce, that I think might be the answer. Now, to show what that means—you anticipate me, of course—while I will not go into details, our best local market for cash products is the market that centres around our coal mines, Sydney, Pictou county and Cumberland county. During the war years, when munitions were being made and cars were being manufactured, we had a splendid market for our cash products there, and every farmer could sell his cash crops practically *ad libitum*. However, last year numerous farmers who followed the procedure of previous years had grown cabbages, potatoes, and all that sort of stuff, but they found a very limited market for it. On our own farm which we had developed along cash crop production lines, we had to feed some of those vegetables to our cattle. The home market is the market we want, and I feel very sure that if means could be worked out by which we would sell more of our coal in interior Canada, that that would be the most practical measure of improving agricultural conditions, at least in the province of Nova Scotia, also in the province of Prince Edward Island, and in the province of New Brunswick, because Prince Edward Island in particular markets cash crops quite heavily in these centres.

By Mr. Stansell:

Q. You have a development of industries peculiar to your locality, such as coal, and you admit that to build up a good market there is more valuable to your farmers than an export trade?—A. Yes. You mean from the standpoint of Nova Scotia?

Q. Yes.—A. Our soil down there is somewhat peculiar. We could not produce wheat on an export basis, but we can produce these cash crops of vegetables, which demand a home market.

Q. Still you have to keep up the fertility of your soil?—A. Well, we have the fertilizers to help out in this case. I would like to say a word or two about this coal question. I know from my own experience that that coal would be entirely adequate to market here.

By the Chairman:

Q. You have a license to talk about coal if you wish, because you come from Nova Scotia.—A. I am not a coal miner, although I was born in a coal town. I wish what I am going to say could be realized by householders all over the country. When I started house-keeping I burned Nova Scotia coal, which is soft coal. The wise men came to me and asked me why I was burning soft coal, and told me the merits of hard coal. I put out my soft coal furnace and burned hard coal in a furnace manufactured in Montreal. Prices went up, and as far as heat units were concerned, I could buy soft coal better, and I commenced to burn soft coal in my hard coal furnace, and I have not bought a pound of hard coal since then. I am buying more heat units for my money in soft coal. I can start up a fire quicker, I am saving money, and secondly I am learning to burn soft coal. There is a great deal in that. I was taught to burn soft coal, not by one of these learned fellows, but by a little negro boy.

Q. A Nova Scotian as well?—A. Yes. This is apropos in a general way; he said to me, the way you are burning your soft coal, you are making a lot of soot. After starting a good fire I would put in big lumps and then cover it up with finer stuff. The boy said, if you will fire your furnace this way, put in your lumps and shove them to the back of the furnace, then put your fine stuff at the front, and there will be very little soot formed. That seemed reasonable, although it did come from that little coloured fellow. I do not mention it to say that it is the best way of burning soft coal, but I do say that when people say they cannot burn soft coal it should be determined whether they have learned how to burn soft coal. I have no hesitation in saying that if I lived in Ontario, where I used to live, and if prices were what they were, and if we could get soal coal here at the prices of former days, I would burn soft coal, I would not care whether it was Alberta or Nova Scotia coal.

If you can see your way clear to buy more of our coal and cash crop products, you will do more in that way than by anything else you can do.

By Mr. McKay:

Q. What did you say about the saving from the use of soft coal?—A. I saved $50 this year over what I have saved before. My bill is $50 less than it was last year.

Q. What do you suggest in the way of a reduction in freight rates?—A. That is the whole question.

Q. How would you get at it?—A. You are out of my province now. In the old days, when the Intercolonial Railway was constructed of course, coal was hauled at a moderately low rate.

By the Chairman:

Q. I have heard it suggested that when the Intercolonial Railway was running it cost very much less to haul goods from Nova Scotia to Montreal than it did to haul goods from Montreal to Nova Scotia?—A. That is what was intended in the British North America Act, so we say.

By Mr. Stansell:

Q. What is the price of this coal in Nova Scotia to-day?—A. I buy my coal at the mouth of the pit for about $6.50 a ton.

Q. What is it delivered for, in Nova Scotia?—A. It is retailed in small quantities around $12. The way I would buy it, it would cost me in the vicinity of between $9 and $10 a ton.

By Mr. Elliott:

Q. Would the New England market not be of great assistance to you?—A. It was, in the old days. That was why they gave us the Intercolonial at cheap rates, because they said we had given up that Eastern United States market, and as we understood it we were to have access to this market at a special freight rate, and whether it is just or not, as you very well know, having heard it many times before, we hold that what was promised at that time is not being lived up to just now.

By Mr. McKay:

Q. A verbal promise?—A. You have heard so much about it that it is a question whether a lawyer would find it in the British North American Act. Still there are contemporary subjects. You want a better authority than me to discuss this question.

By Mr. Sales:

Q. What is the bearing of all this on the agricultural problem?—A. Very substantial. Our home markets are not being built up, and we say that the most practical thing would be to help us in Nova Scotia is to help build up our Nova Scotia, Prince Edward Island and New Brunswick markets. Our apple industry was built up on the potato business with the New England States. Our name Bluenose came from that.

Q. I have often wondered about that.—A. Prior to the passing of the McKinley Tariff, all that section of Nova Scotia which now grows fruit grew potatoes, and we shipped them across by schooner very cheaply to the New England markets. We grew a very fine potato, a dark one.

By the Chairman:

Q. Almost as fine as in New Brunswick?—A. It was of a rather bluish character, a bluish potato. That is believed to be the origin of the word Bluenose. They saw those blue potatoes coming in from Nova Scotia, they called them Bluenoses, and although we would like a more aristocratic origin, yet there are people who do not forget the days when we sold those potatoes with the Bluenoses, and who wish that by some means that trade could be restored. That would be as good as giving us the local market.

By Mr. Sales:

Q. It is a good thing to know that it had not a different origin?—A. I think you are referring to red rather than blue. However, this divergence on to industrial lines is very very sound and very very practical. If you make no other suggestion, if you can be the means of allowing us to sell more coal and cash crop products up here, we will take our chances.

By the Chairman:

Q. You want to be able to furnish a supply of those dark complexioned men? —A. I still had a little trouble with soot, and I discovered that by burning about one pound of common salt in my furnace a week I could avoid that. Throw your salt on; very penetrating fumes arise, and it is wonderful how the soot disappears.

By Mr. Sales:

Q. I would suggest that you appear before the Fuel Committee.—A. I am willing to do so.

By the Chairman:

Q. Where did you get the hint about the salt?—A. I got that in a Toronto paper, the Toronto Saturday Night.

By Mr. Grimmer:

Q. It has the effect of burning the chimney; that is the trouble with soft coal?—A. I have had no trouble on that score, and I have a hard coal furnace.

By the Chairman:

Q. If a chimney catches fire, throw some salt down it.—A. To resume this Committee in Halifax next said to me "You know that the dairy business is carried on on a very narrow margin, some are losing money, some are on a very narrow margin, while others are making very little money." They passed a resolution absolutely unanimously against the manufacture of oleomargarine in Canada. This may not come under the jurisdiction of this Committee, but one reason they said was that the dairying business was the foundation of agriculture in Nova Scotia, and it is being carried on with a very small margin of profit, and anything that would menace the carrying on of that industry they regard, and I regard as far as my judgment goes, as a very serious matter. Frankly we do not know to what extent the extensive sale of oleomargarine might interfere with prices, but we do say that there is a doubt, and the dairy farmers are a unit, by resolutions and expressions of opinion, and as such are strongly opposed to it.

By Mr. Hammell:

Q. Your dairy organizations?—A. Yes, and our Provincial Legislature, by unanimous vote.

By the Chairman:

Q. Just for a moment upon that point, are there any other countries in the world, manufacturing dairy products, in which the manufacture of oleomargarine is forbidden?—A. No, sir, not that I know of. But conditions are different in different parts of the world.

By Mr. McKay:

Q. Is oleomargarine a serious competitor?—A. No, I do not consider oleomargarine a serious competitor. The permit has been of a provisional character, and as a result there has not been a substantial increase in the business.

Q. You are not eating oleomargarine as some of the people in European countries are?—A. We are eating some.

By the Chairman:

Q. Have you any expression of opinion from the miners as to oleomargarine? —A. I understand they have rather favoured it, because it is a cheap food and they should be allowed to have it. Nevertheless those same men tell us that if you can only improve agricultural conditions in Nova Scotia you will give them a better chance of living. They are putting it up to us, and it would seem to be logical to turn around and say to them that if the manufacture of oleomargarine reduces the price of butter it will make it more difficult for the farmers to carry on their business.

Q. Having considered that matter, while your people must have looked at it from every angle, what was the chief objection, was it that it was a better

food, or upon what ground were they opposed to the manufacture or the limitation of it?—A. To answer that question, I may say that in so far as it has been noticed up to date, we have not observed that it has been a substantial competitor of butter, but we are fearful of what may happen if the manufacture and importation is permanently established, because we naturally look for a much stronger market than there is to-day. We would not think so strongly about it if dairying was being carried on at a profit; but we are on a narrow margin, and we do not want to menace it.

By Mr. Sutherland:

Q. With regard to other countries prohibiting the importation of eleomargarine, as a matter of fact there is no country in the world where the manufacturers of eleomargarine are given the privileges they get in this country?—A. That is right.

Q. On the other hand, all the elements that go into the manufacture of oleomargarine here are refunded to the extent of 99 per cent?—A. Yes.

Q. Oleo oils are largely imported from the United States?—A. Yes.

Q. Cotton seed oil and various other oils, even salt is imported?—A. Yes.

Q. Coming in free?—A. Yes.

Q. These are many of the more serious objections that the people of this Province have to oleomargarine?—A. We have all these objections, but I had not intended to go into this thing technically. We are fearful, and as long as there is a shadow of doubt as to what may happen, we think that at the present time, when dairying like other branches of farming is going through a crisis, it would be most inopportune to permit the manufacture of this material, which may possibly depress the price of dairy butter.

By Mr. Milne:

Q. Lumbermen employing large numbers of men and paying wages and board buy oleomargarine because it is cheap, whether they like it or not?—A. Yes, I have heard that, and I understood that some of our lumbermen could cut down their bills about ten per cent by buying oleomargarine.

By the Chairman:

Q. Would it not depend upon the price of board?—A. No, I don't think so.

By Mr. Sinclair:

Q. Is it not a fact that the fisherman have equipped their boats with oelomargarine?—A. Lumbermen and fishermen have a strong tendency to do that, because they are away from the centres, and there is no option. It is not an option of the actual employer, the owner of the boat, or the lumber operator, who may buy it. At the same time we hold that they are taking an unfair advantage of their employees.

Q. If there is no complaint from the fishermen, the fishermen themselves from Nova Scotia are sending telegrams to Ottawa, asking that oleomargarine be permitted?—A. Furthermore, Mr. Sinclair, have you traced out the source of those telegrams? I met a certain businessman in my own town the other day, who said to me, You had better look out for yourselves, we are asked to send telegrams to Ottawa. So evidently there is a propaganda on. I think the origin is not in Nova Scotia, but outside of the Province altogether.

Q. I think it is on both sides.—A. Maybe that is so.

By the Chairman:

Q. You are leaving the large problem to go to the question of oleomargarine? —A. I have recorded the views of the dairymen of Nova Scotia.

The CHAIRMAN: Yes, with eloquence and conviction.

By Mr. Milne:

Q. Does Nova Scotia export butter?—A. Well, we export a little butter, but we do not produce as much as we consume; we are importers.

Q. Does the home demand really regulate the price of butter, in Nova Scotia?—A. It is a world price. The price of butter in Nova Scotia is based upon world conditions. It is the same price as you pay here, or in any other part of the world.

By Mr. McKay:

Q. What duty is there on butter coming in?—A. Three cents under the British preference, and four cents outside, in other countries.

Mr. SUTHERLAND: It is eight cents going into the United States, but our tariff is four. There were 21,726,000 pounds of butter exported from Canada last year, to seventeen different countries.

Mr. SALES: How much was imported?

Mr. SUTHERLAND: 2,238,000 pounds.

By Mr. Milne:

Q. Would that affect the price or the market of the Nova Scotia farmers? —A. No. We would get the benefit in our cash crops. Butter remains practically at the same figure all over Canada, making an allowance for freight.

By the Chairman:

Q. You want oleomargarine prohibited, so that you can help grow cattle? —A. You are pressing the point a little far, Mr. Chairman.

Q. Is this not your point, that the elimination of oleomargarine may possibly help? I thought the price of butter remained the same, but the cash crops would be helped?—A. The whole situation was in reference to the cash crops. I did not introduce the industrial situation so much from the standpoint of dairying as from the standpoint of cash crops.

Q. Does the fear of the competition of oleomargarine affect dairying?—A. Yes, that is right.

By Mr. Stansell:

Q. I would like to have your own private opinion upon this question: Do you think it is fair for the Government to say to their people, If you want to buy oleomargarine, or if you want to buy butter, you shall not buy oleomargarine; you must buy butter; you cannot have oleomargarine at thirty cents, you must buy butter at sixty cents?—A. If this was a free trade country, I would be inclined to agree with your implication contained in your remarks. I am not talking so much from a tariff standpoint. In all lines of industry, even in our professional lines, there is a certain amount of protection to-day.

By the Chairman:

Q. Suppose it is true that woollen socks are from your point of view hygienically, economically and socially much better than cotton socks, would you think it right of the Government to say that they would prohibit the manufacture of cotton socks, that you should buy more because it is going to help the wool growers of the country?—A. I cannot help but admit the logic of your contention; at the same time I say we are dealing with local situations. We have a very valuable industry which to-day, whatever the future may be, is struggling, and until such time as that industry is on its feet I view with apprehension any measure of this sort.

By Mr. Sales:

Q. Is that a mere inference?—A. We have to regard the various conditions that exist all over the world. I cannot say anything more than that about it.

Mr. SUTHERLAND: The oleomargarine in this country, the inference might be drawn from some of the remarks that were made here that we are being asked to do something that is not done in any other country. I have stated repeatedly that the manufacturers of oleomargarine in this country have privileges that are extended to the manufacturers of oleomargarine in no other country in the world; they are the only people who have the right to mix it with other baser ingredients. If you exclude oleomargarine, they will be absolutely unable to dispose of it here, and if the regulations are fixed so that this is done, I do not think there will be any objection taken to manufacturing it, importing it, or anything else.

By Mr. Milne:

Q. I understood from the question you asked a while ago that if you consumed twice as much butter at home it would not affect the price. If we shut oleomargarine out, it will increase the home consumption, and not influence the price. In what way is it going to affect the dairymen, if that is so?—A. I am not sure that what you say is quite right. At the present time a substantial increase would not materially affect the price, but a big increase would. How extensive the use of oleomargarine may become, we do not know, but if it became extensive, there is no doubt that the market for butter would be decreased.

Mr. STANSELL: Since we have opened up this discussion, I think we had better go a little farther with it.

The CHAIRMAN: The witness has brought it up himself.

Mr. STANSELL: There seems to be a great deal of misapprehension as to what the kick of the dairymen is. We never heard of dairymen or farmers objecting to peanut butter, maple butter or anything like that. What we do object to is the growth of an industry built up, not on its own merits, but by a camouflage under the merits of butter. They are allowed to mix butter with it to some extent and then advertise that it is just as good, and it goes out trying to displace an honest product which is bound by the regulations of its manufacture. We are at the parting of the ways; we must say whether it is worth while to build up an industry that is really good, or build up an industry out of a product made of cocoanut oil and which is camouflaged. If it was fair, nobody would object to it.

The CHAIRMAN: I think after that somewhat comprehensive question Mr. Stansell will lead the way.

WITNESS: I did not come here for the purpose of going into details. I merely wanted to make the broad statement that our men are afraid of it now, because the dairy industry is on a rather precarious basis. We would not be afraid of it if it could be carried out without any effort to imitate butter and so forth, as Mr. Stansell has said. We know that as things stand, there is a very close imitation.

Mr. HAMMELL: This is a day of spooks and spiritualism.

Mr. STANSELL: The dairymen want people to know what they are eating, and we want some kind of restrictions.

Mr. ROBINSON: It is something that lends itself to deception.

WITNESS: I think I have dealt now with the main conditions in dairying. I have dealt with other things too, but I have dealt with them as well as I

could. There is another matter entirely of a different character which I would like to bring before this Committee.

By the Chairman:

Q. Does it affect agricultural conditions?—A. It affects agricultural conditions in a local way. It is in reference to the building up of our creamery industry. About the year 1912 we had merely a nominal production of butter in our creameries. The building up of the creameries has been largely due to the work of the department over which I have the honour to preside. We worked up last year from a comparatively small acreage no less than 3,500,000 pounds, largely through the money obtained under the Dominion Agricultural Act. Unfortunately our population has not kept pace with that of the Western Provinces.

The CHAIRMAN: We approve your sense of fairness as well as your devotion to Nova Scotia.

Mr. CUMMING: I have not very much more to say. Along these lines, fruit growing, dairying, and I might have included the accompanying hog raising and cash crops, there is a good outlet for agriculture in Nova Scotia.

One other branch, in respect of which the opportunities are good, but no very great progress has been made, is that of sheep raising.

Sheep are raised profitably in Nova Scotia. They live principally upon our native foods and do not require much imported food, but for some reason the industry has not gone ahead very substantially. We have given a lot of thought to it but up to the present our efforts have not led to any great return. I do not know that I can say very much about it, but if in your wisdom you can think out something by which sheep raising could be promoted in Nova Scotia, a great deal would be accomplished.

One line in respect of which the business might be promoted is in the manufacture of woollen textiles. I happen to be wearing to-day a serge made in Nova Scotia out of Canadian wool. I am rather proud of it, although it is not to my own credit that I am wearing it; it is rather a matter of chance. We would endorse any propaganda leading to the greater consumption of products "made in Canada". I sometimes think that not enough has been said in regard to Canadian textiles. We have taken up the co-operative marketing of wool pretty successfully.

One problem is the selling of lambs in the fall. We have quite a large export of lambs from Nova Scotia and our sheep men bitterly complain of the large proportion of their ultimate receipts that are consumed in freight rates.

By Mr. Sales:

Q. Where do you market the lambs?—A. We marketed our lambs last year pretty much in New England, paying the freight and duty ourselves. Sometimes we market in Montreal or Toronto.

Q. You do not export to the Old Country?—A. No.

Q. Would a chilled service help you there?—A. Possibly it would. I do not know.

By Mr. Sutherland:

Q. Is any Australian mutton or lamb sold in your province?—A. No, we would not have any or much competition in that way if we had more storage facilities. Although in the fall we export lamb pretty heavily, later in the season we actually import it. Our storage facilities are extremely limited. We think in respect to that, and to a certain amount of beef that is produced and

put on the market in the fall, if better cold storage facilities could be worked out, it would be a substantial contribution to the improvement of our agriculture.

By Mr. Milne:

Q. Have you ever thought of it from this point of view, Dr. Cumming? That in the fall, when every farmer wants to sell live stock, our supply of meat for next summer is shipped to Montreal to get the advantage of a cold storage and abattoir service as well and the freight is paid to Montreal. Then a very high class freight rate is paid back again in refrigerator cars. Our consumers in the Maritime Provinces pay a very high price for meat, and the farmer gets practically nothing for raising cattle, due to these conditions?—A. Yes, we feel that it can be worked out and although there are difficulties in the way, the question of cold storage for farm products in the Maritime Provinces is a vital question and can be solved. The solution is temporarily difficult because of the lack of combination and production, and perhaps lack of volume of production. At the same time, if I were given unlimited scope to put in a constructive policy for agriculture in Eastern Nova Scotia, I would certainly try to do more for cold storage at one or more centres than is now being done.

Q. Do you think the limited production is due to the conditions I have mentioned?—A. Yes, probably entirely so.

Q. I have been in touch with two or three abattoir companies trying to induce them to locate in the Maritime Provinces, at some central point. They are willing to do it if either the Dominion or Provincial Government will guarantee them against loss for the first two or three years. At the end of three years they have no hesitation in saying, it would pay, but for the first two or three years they would not expect it to pay. Have you any opinion on that? —A. I think that is so.

By Mr. Elliott:

Q. I have bought quite a few carloads of lambs from Nova Scotia but I have had to discontinue it, due to two things: one is the freight, and the other the fact that the male lambs are not castrated.—A. Yes, we have to admit that. We have tried to do a good deal along that line. I remember one year when a buying concern announced in the spring that they would pay 50 cents each more for wethers than for rams, and yet we had difficulty in getting the farmers to respond. In the last two or three years we have sent out two men from the department who actually did the castrating, but the strange thing is that after we had shown them the necessity for it, we had difficulty in getting some of the farmers to carry it out.

Q. Don't you find the difference between the price for the rams and the wethers would be far more than enough to pay for the work?—A. Yes. It is only lately that we have been working up a moderately systematic market for lambs, and I think that can soon be solved once we get it placed on a little better business basis. I am very glad to have heard your statement, Mr. Elliott, and I will quote it at some farm meetings in the near future.

By Mr. Sales:

Q. Both castration and docking would be very useful?—A. Yes.

Mr. ELLIOTT: You produce very good lambs which do well with us, but the presence of the rams takes the whole profit out of the transaction.

Mr. SUTHERLAND: Do you mean buying them for finishing?

Mr. ELLIOTT: Yes.

Mr. SUTHERLAND: Would it not pay the farmer to finish his own rams rather than send them to Ontario for that purpose?

Mr. ELLIOTT: I suppose it would, but they do not do it.

Dr. CUMMING: There is the same question there as in regard to the cattle situation in Britain. Grain is expensive in our country and it would pay the farmers to raise the lambs to a certain stage and then send them here to be finished rather than to finish them in their own country.

By the Chairman:

Q. There is something to be said for the policy of allowing people to follow that line by which they get the greatest economic return?—A. Unquestionably.

By Mr. Sutherland:

Q. Would it not be cheaper for the Nova Scotia farmer, even though he had to purchase the grain, to bring it there rather than to ship the lambs to Ontario to be fattened?—A. Yes, one would think so, as the cost of transportation enters into it so heavily. I daresay the time will come when we will do it. If the market situation can be worked out, I have no doubt we will attempt it.

By Mr. Sales:

Q. The cost of transportation of grain should not be so heavy on you eastern farmers, because the western farmers are paying it half way for you. —A. You will find that the cost of grain from Fort William is very great. It does not matter who pays it, you or the Nova Scotian, it is charged and must be added to the cost. I suppose you add it to your cost.

Q. No, I sell my grain on a co-operative basis and if wheat is worth a dollar at Fort William, the man at Edmonton or Calgary will only get 75 cents. The same thing applies to your bran and shorts.—A. At the same time the price we pay f.o.b. Fort William is your price plus the freight. We finally pay the freight, no matter who pays it in the intermediate stages of the process of transportation.

By Mr. Elliott:

Q. You stated, Dr. Cumming, that something should be done to encourage the manufacture of Canadian wool into Canadian cloth?—A. Yes.

Q. Would you think the increase of the British preference would work against that? What effect would it have on the sheep industry of your province?—A. I think I will not attempt to answer that question.

By Mr. Milne:

Q. Would you advocate the manufacture of textiles, in regard to the quantity of wool in them, and whether it should be wool?—A. I would think so.

Q. There has been a suspicion that a great deal of shoddy is used, and that is not good for the sheep industry?—A. I attended a conference in England, and I remember that question being discussed by a great sheep importer—Mr. Monsell, I think, was his name. The manufacturers in the East have said it would be a good thing if there was a premium on the manufacture of pure wool as compared with shoddy. Notwithstanding that, they are compelled to use a certain amount of filler.

Q. The producer of wool wants it, the manufacturer is willing for it and the wearers of clothing want it, so why is shoddy used?—A. I understand it comes back to putting a cheap ready-made article in the stores.

By Mr. Sales:

Q. Is your wool manufacturer making "all wool" cloth?—A. No. It is optional. They do it sometimes.

Mr. MILNE: Some are.

By Mr. Sales:

Q. I think it would be a good thing if your manufacturers would mark their goods " all wool " or as the case might be, and let the people know exactly what they are buying.—A. There are some phases of that question I am not qualified to discuss. I could partly answer it, but I think my evidence would not be of sufficient value. It might be worth nothing.

The CHAIRMAN: I would think this Committee would deem your evidence on any point worth noteing.—A. I think my evidence is important on specific agricultural questions but not on these side lines.

By Mr. Sutherland:

Q. With reference to the production of wool, do you think the present duty of 30 per cent on wools, textiles, blankets and so forth, has a tendency to develop the growing of wool in this country, when wool is imported from countries where it can be grown without any care or attention, such as New Zealand; is it possible for the Canadian wool-grower to compete with those countries? I do not want you to commit yourself on the tariff question, but is it not very difficult for the wool grower in Canada, feeding his flocks for six months in the year, to compete with free wool from New Zealand and Australia?—A. That is unquestionably true, but as to the implication, I am not qualified to answer.

By Mr. Robinson:

Q. You mentioned the population of Nova Scotia not having kept pace with the other provinces. Could Nova Scotia absorb any immigrants?—A. I am glad that question is brought up. In the last decade we had a small increase of population in Nova Scotia, nine or ten thousand I think. We could absorb a certain amount of immigration if the conditions I have referred to could be improved. One difficulty is our limited local market. I made the statement that we can help the dairies to market up to 60 or 70 per cent of their dairy stuff, but when it comes to cash crops we have a limited market. If we can improve our industrial situation we could absorb a good many thousand settlers. As things stand to-day we can absorb a small immigration but not a large one.

By Mr. Robinson:

Q. You are speaking now of the agricultural class?—A. Yes. In the county you represent, the fruit sections, we could absorb a very considerable immigration.

By Mr. Sales:

Q. What is the price you pay for bran and shorts, doctor?—A. Our present price for bran is about $32. And for shorts about $34 or $35. That is subject to a dollar or two correction one way or the other, and that is the retail price.

Q. You do not get it in car lots?—A. Oh, yes.

Q. What price would a car lot be?—A. I think that is a car lot quotation I have given you now. It is very near it. It might be a dollar less.

By Mr. Elliott:

Q. That would be Western bran and shorts?—A. Yes.

By Mr. Hammell:

Q. You recommended the manufacture of " all wool " goods. But might it not be fifty per cent shoddy and still be all wool, if the shoddy is wool?

By Mr. Sales:

Q. No, I am taking the practice. An "all wool" serge is all wool?—A. Yes, Western wool, grown in your province.

Mr. HAMMELL: There is a difference between all wool and all virgin wool. It might be all wool and still fifty per cent shoddy.

By Mr. Sales:

Q. Is not that the same thing as the difference between "eggs," "fresh eggs," "strictly fresh eggs," and "guaranteed strictly fresh eggs"?—A. No, that point is well taken.

Mr. HAMMELL: I know it is true and it is so understood.

By Mr. Sutherland:

Q. With regard to the feeding of bran and shorts, have you had any trouble in connection with the impurities contained in those mill feeds?—A. I was talking to one of our chemists the other day and he tells me that up to recently he has found considerable impurities, especially in middlings, but how much I am not prepared to say.

Q. Have you at any time lost stock through the feeding of middlings? —A. We have not, and I have no authentic records. I have heard of things but I have not been able to prove them.

The CHAIRMAN: We are very much obliged to you indeed, Dr. Cumming; we have enjoyed your evidence; it is most valuable and we thank you.

CHARLES BRUCE SISSONS, called and sworn.

By the Chairman:

Q. What is your occupation, sir?—A. I am professor of Ancient History at Victoria College, University of Toronto.

Q. You have also an avocation, what is that?—A. I carry on a farm in the vicinity of Newcastle, Ontario.

Q. What experience have you had as a farmer, for whom have you worked as a hired man?—A. I was brought up on a farm in Ontario, and afterwards spent a good deal of my time in the summer on farms, my father's farm, and my brother's farm, and I also had the pleasure of the friendship of both Mr. Drury and Mr. Good. I spent in one case two months and in another five months on their farms in the summer, before I took up farming for myself.

Q. How large is your farm?—A. Fifty acres.

Q. How are you trying to make money on that farm?—A. I am running it as a mixed fruit and dairy farm.

Q. How many cows do you keep?—A. Six at the present time, and two heifers.

Q. Are you raising small fruits?—A. Nothing much in small fruits; we raise them only for our own use. I have, however, quite a number of cherry trees and some plum and pear trees.

Q. Will you give the Committee a statement of the agricultural situation as far as you know it, indicate the weak points you see and make any suggestions you can for betterment?—A. There are three things I can speak of from my own personal experience. Perhaps you would suggest a way in which you would like them taken up.

Q. No, follow your own course. A. Then perhaps I might first deal with something which so far as I know has not yet been dealt with by this Committee; that is the vegetable canning industry.

My farm happens to be about a mile from a canning factory, where they can tomatoes, corn and peas. This provides one of the cash crop Dr. Cumming speaks of. My neighbours and myself are much concerned about the situation of the canning industry. I cannot go into all the phases of the subject, but I have some facts which I think are significant.

I shall only deal with tomatoes, although I may mention corn incidentally. The cost of producing tomatoes in 1920, according to a report got out by Professor Leitch's Department, by Mr. Riley and Mr. Michael, goes in great detail into the figures. The average cost for that year on the farms inspected in the Niagara district, as shown by Circular Number 33, Ontario Department of Agriculture, Farm Economic Department, O.A.C., March, 1921, was 54·39 cents per bushel.

In contrast to that, one of my neighbours, a practical and able man in raising tomatoes, having seen Mr. Leitch's report has given me his cost of growing tomatoes. It is difficult to be quite accurate in statements of cost production, and when a man says it costs him so many dollars and cents to produce say a barrel of apples and work it out to a fraction of a cent, I simply raise my eyebrows. I don't believe you can get it as close as that, but Mr. A. J. Lycett, the man I speak of, who has produced a particularly good strain of tomatoes by cross-fertilization, growing his own plants, has worked out his cost on the cheap land which we have in Durham—is nothing like so expensive as the Niagara land, which I believe averages about $500 an acre and is a little high for this sort of work—estimates that he cannot possibly grow tomatoes under 35 cents a bushel to make money.

Q. How did that compare with the results found by the experiments made under Mr. Leitch's direction?—A. Mr. Leitch's average was for the Niagara district 54.37 cents.

Q. About 19 or 20 cents difference?—A. Yes, but Mr. Lycett did not take into consideration certain things which Mr. Leitch's survey did; for instance, the interest on horses and equipment, and I think he charged considerable less for the rent of land. The difference was on land $28.25 an acre. That amounts to very nearly 10 cents a bushel.

By Mr. Sutherland:

Q. How did the productivity of the lands in Durham and Niagara compare? —A. I think we have excellent land for tomatoes in Durham. I don't think there is any better land and Mr. Lycett grows very good crops. The only difficulty is that we are a little more subject to frost and we have to allow a little more for hazard in that respect. That is occasionally we cannot market all our tomatoes.

By the Chairman:

Q. Leaving aside the cost of the land, the estimates of cost established by the survey of Professor Leitch and by the work of your friend Mr. Lycett amounted roundly to not more then ten cents a bushel?—A. Something like that. Now he estimated that if he sold his tomatoes at 35 cents a bushel which is what was offered last year and this year, he would actually lose money on the transaction, even on our land of moderate price.

Q. What do you pay for land down there?—A. The price of farms has gone down, Mr. Chairman. I don't know what a farm would sell for now an acre without the buildings. For example, one of my neighbours had quite a good

farm with a very nice house, and rather indifferent buildings, 100 acres, which he put up at auction the other day, and the most that was offered for it was $5,500. He refused to sell, and I do not know what he held it at.

Two or three years ago that farm was worth $8,000 to $10,000.

By Mr. Sutherland:

Q. What would you estimate as to cost of reproducing those buildings on that farm?—A. I have not estimated that, on that farm.

Q. I mean the ones you have given us?—A. That house, which is modern and has modern conveniences would cost, hiring men in the ordinary way—I did a great deal of the work myself.

Q. I mean to go and reproduce them?—A. To bring in carpenters, masons and reproduce that house, it would cost $5,000.

Q. And the barns $500?—A. You could not even reproduce them in the condition of that property there now for that money.

Q. Consequently the prices realized would be about the value of the buildings?—A. The price of the majority of farms in my vicinity is less than the cost of reproducing the buildings. I do not think there is any doubt about that.

I have spoken of an estimate on tomatoes. I took the trouble to trace those tomatoes through their various stations. Those tomatoes go to the canning factory, and we receive, at least we are offered—I am not growing any tomatoes now, I refuse to grow them under these conditions; we receive 35 cents a bushel for tomatoes. I believe a bushel of tomatoes will make about 10 to 20 cans, so that the price for the tomatoes going into the cans, estimating the number at about twenty, would be 1¾ cents. The cans are sold at the present time, I am informed, for $1.13 a dozen to the wholesalers. The tomatoes going into the cans cost 21 cents for a dozen cans, the wholesalers selling them back to the retailers in Orono I am told at $1.50 a dozen. The retailers sell them to the consumers at Orono at two for 35 cents, which is $2.10 per dozen cans.

By the Chairman:

Q. Did you work out just what the cost to the consumer was of the tomatoes that come out of the can on to his table, as compared with the price which the producer of the tomatoes got for the tomatoes before they went into the can?—A. Well, I have it worked out in this way; the grower gets 1¾ cents a can, the factory gets 7⅞ cents.

Q. That is, for the tomatoes in the can?—A. Selling at the rate of $1.13 a dozen, and deducting the 1¾ cents given to the producer.

Q. Of course he has to supply the cans?—A. He has to supply the cans out of that. The manufacturer is the wholesaler, and the freight and that sort of thing involved in shipping to Toronto and back again is 3 1/12 cents. The retailer gets 5 cents. I think you will find that that works out all right. That is the proportion; in other words the grower gets just ten per cent of the retail price of the tomatoes put into the can estimated at the prices here, just one-tenth.

One should recount what the grower has to do. It is a rather strenuous occupation, raising tomatoes, paying for the plants, the fertilization of the soil, paying for intensive cultivation both with implements and with the hoe. We must watch out for the cut-worms, which usually destroy some and will destroy many unless you are careful with your cultivation. The frost is something that is always thought of in the fall. For that laborious work of producing the tomatoes and delivering them at the factory the producer gets one-tenth of the total retail price.

Q. The total retail price includes the can?—A. The retail price includes the can, yes, sir. What I would like to say here is this, since we cannot grow

tomatoes at 35 cents a bushel and make money, that is, unless we reduce our level of living to that of the Chinese coolie, that is, living as free and upright citizens of this country, I should think that perhaps we might take a cent off that wholesale profit, at least three and a half cents that comes in there and give it to the farmer, or take a cent or two somewhere along the line and distribute it to the farmer. Of course I understand, as one of your witnesses said the other day, that the dominating rule in business is that every man gets all he can.

By Mr. Sutherland:

Q. Who was it made that remark?—A. Mr. Maclean.

Q. In connection with this?—A. No, not in connection with this, but in connection with the cattle business, I think.

Q. I merely call attention to this, because it was a manufacturer of oleomargarine who made that remark?—A. I do not mention him for the purpose of criticism, because I know him personally, I know him very well indeed; he says that that is the dominating rule in business.

As farmers we are not organized to resist the operation of that rule, and that is why we suffer from it. I would say that the safer rule in business is to live and let live, I mean in the long run. I think the very difficulty in the situation I have mentioned will bring its remedy, maybe in a rather drastic form.

By Mr. McKay:

Q. What is your suggestion?—A. May I answer that a little later on, if you wish to ask the question? I just wish to give a few more facts. I happen to know some men who produce tomatoes for the Campbell people in Camden, New Jersey. I wrote a letter to one of them, and asked him what tomatoes were selling for, what the producer was geting for tomatoes. They make soups, and a great many commodities are sold here. He said the Campbell Company started out this year with the idea of paying $16 to $18 a ton.

By the Chairman:

Q. What is that a bushel, so that we may make a comparison?—A. I would like to mention that the $16 price would of course be in the height of the season, but after a few meetings of the Tomato Growers Association they raised their price to $20 all season. $20 is just 60 cents a bushel, so that the American producer at the present time is receiving from the Campbell Company 60 cents a bushel, whereas we are being offered 35 cents a bushel by our own manufacturers here.

May I give one other fact? I investigated the cost, at least something of the price in recent years of tomatoes, and I found out that when the farmer was getting 60 cents a bushel, as he was three years ago, the wholesale price was then $1.80 for a dozen cans.

Q. And it is now how much?—A. Now that the farmer has been getting last year and is getting this year 35 cents a bushel, the wholesale price is $1.50 a dozen; so that whereas the price to the farmer has come down from 60 cents to 35 cents, the price of the wholesaler to the grocer has only come down from $1.80 a dozen to $1.50 a dozen.

Q. Before you get away from that, did you follow it up to get a comparison of the difference in prices paid by the consumer in those two years? —A. What one of the grocers told me was this: If we could get our cans directly from the factory, as we used to—we cannot get them any more, yet they are only a few yards from the grocery shop—if we could get them from the factory we could sell them for two for a quarter, but as it is we have to sell two for 35 cents. I do not know what they were selling for when the price was $1.80, but I presume 20 cents a can.

Q. Do you mean to say that your local grocer who gets tomatoes canned in the local cannery cannot get them directly from the cannery but they have to go to Toronto and back again?—A. He cannot buy direct from the cannery. If he wants to get that same brand of tomatoes he has to buy them from the wholesaler in Toronto, so that the tomatoes take a trip to Toronto and back again. I do not say that he buys those tomatoes entirely; he may buy other tomatoes as well.

I have a farm that is very well adapted for growing this sort of thing, and one year I grew tomatoes. I had a very good crop, but I simply refused to grow tomatoes to try and make a little money that way. I wish to pay my men good wages and maintain a standard of living above that of the Chinese coolie, and I am simply not going to grow tomatoes. I mention these matters because I think it is something which this Committee can make use of.

Q. Before you pass from that point, do you know whether there is any organization among the canners to pay a certain price and only a certain price to the grower?—A. I think the price is uniform throughout Ontario.

Q. What grounds have you for that belief?—A. I consulted a man who knows the situation throughout Ontario pretty well.

By Mr. McKay:

Q. Was he a commercial traveller handling these goods?—A. No, sir, he did not handle these goods. He is a man who knows the agricultural situation, and knows what they are offering the farmers.

I may say this also, that the price of corn has come down from $14 a ton to $9 a ton. I am very certain it is $9 in Strathroy, because I have a letter from certain growers protesting against this price, which is really a very low price, and asking that some joint action be taken by the farmers and promising to organize in order to meet this situation. I think the price is uniform throughout Ontario, but it is a matter of information. As you may understand, this is not my business; I have no time to go about visiting on all these things. I know what I believe to be the truth.

By the Chairman:

Q. You believe it to be uniform throughout Ontario?—A. Yes. Of course there are companies that claim to be independent, but I believe they have an organization in which they agree upon prices.

By Mr. McKay:

Q. You said something about Chinese coolie labour; are you in favour of sending in Chinese goods or Japanese goods here, the products of cheap labour?—A. I was not dealing with that question.

Q. You see on the street Japanese thermos bottles advertised at 87 cents each?—A. I think we can compete with the Chinese or any of the other inferior races.

Q. You think you can?—A. I think we can. I think it is a fallacy that cheap labour necessarily can undersell dear labour, that is, if we can get our appliances, the raw materials of our industry, at reasonable prices. I think we can compete. Of course it is just a matter of opinion.

By the Chairman:

Q. Do you now take up your next point, or have you finished with the tomatoes?—A. I think perhaps I should say this, that I think a reasonable price for tomatoes under present conditions would be at least fifty cents a bushel, and if the price were sixty cents a bushel, as it is in the case of the

growers for the Campbell Company, it would only mean three cents a tin to the tomatoes which go into each tin, for the farmer, and it would not greatly increase the cost to the ultimate consumer.

Q. Could it necessarily offect the cost to the consumer at all?—A. Not necessarily. I think you may put it up to that without affecting it at all. I would take it from the spread between the factory and the retailer.

Perhaps I may go on to the fruit industry for a little while?

The CHAIRMAN: Shall we go on for another half hour? It is now half-past twelve.

Mr. MCKAY: I think so.

The CHAIRMAN: We have other witnesses; we have some of the milk men and the dairy men. We will decide this question at noon, whether we shall meet this afternoon or this evening. We have another half hour now, and we will take advantage of it.

WITNESS: I am shipping raw milk to Toronto, and I have had occasion to go into the question of price, the matter of cost and the matter of prices there more or less, and I find that at the present time we are receiving $2.63 per hundred for milk. From that you must take the cost of transportation which we pay, and which on the average would amount to just about 36 cents; that will vary, depending upon the distance the man is from the city.

By the Chairman:

Q. 36 cents per hundred?—A. Yes, sir. That reduces the amount received by the farmer to $2 per hundred, which amounts to 5 cents per quart. At the present time milk is retailing in the City of Toronto at 12½ cents per quart. Last summer our average price was $2.12 per hundred.

Q. Out of which you had to pay the freight rate?—A. The freight rate remains constant in the summer, and milk was selling in the summer at 17 tickets for one dollar, that is, 11·76 cents per quart; so that last summer there was a reduction during the summer of ten per cent to the farmer and of about 6 per cent in the price to the consumer.

The relation between the price received by the farmer, the cost of transportation, and the amount received by the dairies is as follows: 5 cents to the farmer, approximately 1 cent for transportation, and 6½ cents to the dairies for distribution, for the process of pasteurization, distributing the bottles, and all that sort of thing. Last summer the ratio was 4·41 and 6·36.

Dr. Cumming has spoken of the precarious condition of the dairy industry, so far as the farmer is concerned. I am inclined to think that it is very difficult to make much money at 5 cents a quart in the winter and 4·4 in the summer. It is pretty difficult to estimate just what your milk costs. You will no doubt get figures from Professor Leitch upon that point.

The thing I am interested in, Mr. Chairman, is the relation between the amount received by the farmer and the amount paid by the consumer. At the present time, during the winter, it is 40 per cent to the farmer, 8 per cent for transportation and 52 per cent to the distributor.

Q. And for pasteurizing?—A. Pasteurizing and distributing. We producers all wish to see the dairy companies do well. What I mean to say is, that whatever the principle of business may be, no fair-minded producer would like to see the dairies suffer, and we would not like to see City Dairy stock down low, that is, if it is not watered—some of our company stocks are very much watered.

Q. Not our milk companies, I hope?—A. If the stock actually represents money invested, I would like to see it worth 100 cents on the dollar, but I really

think that under present arrangements the farmer is not getting as large a proportion as he should be getting.

By Mr. Hammell:

Q. Do you know anything about the stock of the dairy companies at the present time?—A. I took the trouble to inquire into that; perhaps I should not have done so. I have this observation to make; if at the time I bought my farm two years ago, instead of investing about $5,000, I will take it that that was the amount in the dairy end of my farm, if I had written out a cheque to a broker and bought City Dairy stock I would be worth to-day about $7,000 more than I was then.

Q. In five years?—A. In two years. As it is, I have gone to the trouble of raising milk, which is a very laborious kind of an occupation. As Peter McArthur once said, it is the damnable reiteration of it that counts. You have to do it night and morning, every day in the year, and if you abate a particle in your feeding, your herd at once shows it. It requires very great care indeed, particularly when you have a herd of highly bred cattle, as I have. It is a painstaking business, but I went to that trouble, and I suppose my herd is worth perhaps 30 per cent less than it was then. I should not say that my farm is worth any less, because I was dealing with a man who realized that the depression was sure to come, and our price was arranged upon that basis; the price I gave for the farm was what I would expect to get now. There is no question about the decline of the dairy herd and the decline in the price of most farms in that period, but the dairy companies are doing fairly well, and we would like them to do well, but we would like to do a little better ourselves.

By Mr. Stansell:

Q. You would have been worth about $7,000?—A. The stock is now selling ex-dividend at about $140, but it was up to 150.

Q. Are you going to follow that up by a statement as to what an investment of $5,000 in a farm would mean?—A. With practically all farmers all around me, I am losing money on any decent business basis.

By Mr. Hammell:

Q. Have you gone back to the time when it went down to 66?—A. Well, the stock has varied a good deal in recent years. I once did have a little money in City Dairy, about twelve years ago. I paid about a hundred and a half.

Q. You were not very enthusiastic when it was 66?—A. My idea was to go into farming, for several reasons; it was not solely to make money. I have a family of four boys, and I do not care to spend my summers at a summer resort. I like farming, I like farming operations.

Q. Are you a sort of a joy farmer?—A. I would not care to say that. If you will come home with me and follow me around, I will show you.

Q. I have followed it every day for forty years. A. We would like to see you come down some day, particularly in haying time.

By Mr. Stansell:

Q. Two years ago there was an opportunity of investing either in a farm or City Dairy $5,000?—A. I was not considering that.

Q. But they were two industries vitally associated with each other; the one cannot operate without the other?—A. Quite so.

Q. You have said that had you gone into one you would have made a profit of $7,000; would you care to say what the financial results were from the investment in the other; that is an interesting question, if you would like to give us a statement about it, or if you could say that you invested $5,000 in a dairy farm and that you are worth $1,000 more or $1,000 less; profits are what

most of us are after?—A. I can give you figures from my books, but I am so mistrustful of these figures so far as farming operations are concerned, that I am a little doubtful about them. There are several things to be considered. In the first place, I have to consider this fact, that we live off the farm; we provide ourselves as a rule certainly with milk, of which we use a great quantity, also at certain seasons of the year with butter, and there is also the fact that in beginning a proposition such as I have there are certain incidental expenses connected with getting into a dairy. I would say that the value of my herd, if it is a typical case, would have declined perhaps thirty per cent in that time, by the prices of cattle, and that in itself, without any further estimate, would be an indication of the condition of the industry.

Q. It would, unless you had been making abnormal profits?—A. If I had been making abnormal profits, or if dairymen had been making abnormal profits, the prices of dairy herds would not have gone down.

By Mr. Hammell:

Q. It is two years ago since you bought this property?—A. Two years this spring.

Q. That would be at a rather inflated period?—A. Not so far as my price was concerned.

Q. Was it in so far as the price of your equipment was concerned; I rather think it was?—A. I think the price then would be higher than the former price, although I got my stock very reasonable indeed.

Q. Unless you got it under particular circumstances, it must certainly have been higher than it is at the present time?—A. Yes. I think conditions were rather abnormal two years ago. They had begun to come down, but not very much.

I took occasion also to write to another friend of mine who is responsible for the arrangements with the dairy companies of Philadelphia, for the farmers; he occupies a position corresponding to that of Mr. Stonehouse in Toronto. I asked him how they were getting along there, and he wrote me the following letter as to the prices of separators: "The price paid the producer of milk delivered in Philadelphia for a four per cent butter fat content is 7¼ cents per quart. The price paid by the consumer delivered at his doorstep is 12 cents per quart." Later on in the same letter he says that the butter fat content of the milk sold by the dairies to the public is from 3·6 to 3·8, so that the milk is diluted a little. Perhaps that is not the right word; it is not quite as rich in butter fat as the four per cent.

By the Chairman:

Q. Probably they take out a little of the butter fat?—A. No, it would mean that all producers do not produce 4 per cent milk, and they have to take them all together. The price in Philadelphia is based upon a butter fat percentage.

Q. And it is not in Toronto?—A. It is not in Toronto. I hope it will be some time; it seems to me a fair way of selling milk.

Q. Does the city not pass a regulation that it must contain a certain percentage of butter fat?—A. In Toronto it is 3·25, and in Philadelphia it is between 3·6 and 3·8. The thing that interested me was the relation between the prices. In Philadelphia it would appear that the producer gets 7¼ cents per quart, and deducting say a cent and a quarter for transportation would bring it down to 6 cents, whereas the distributor would appear to get just about 5 cents per quart.

Q. And in Toronto?—A. He gets 6½, whereas the producer only gets 5 cents in Toronto; so that you have only the relation of 5 to 6½ in Toronto and 6 to 5 in Philadelphia, as compared with the producer and consumer.

By Mr. Stansell:

Q. I asked a question a few moments ago, but you did not have the figures exactly. I would like to get an estimate, and I would like this to go down; taking your estimate of the depreciation in the value of your stock, which would indicate that it was not a profitable business, had you made an investment in the City Dairy you would have made a profit of $7,000?—A. Yes.

Q. Whereas you have had a loss of $1,500; in one case you would have invested your labour, and in the other case you would have been staying at home and waiting for your dividends?—A. Or going to Florida. I am glad to see the City Dairy doing well.

By Mr. Hammell:

Q. I understood you to say that had you invested $5,000 in City Dairy stock you would be worth $7,000?—A. No, I would be worth $12,000.

May I refer to a question which was asked Dr. Cumming? The price of our feed stuffs, particularly bran and shorts, is very high just now. I think it is about $32 for bran. I was able to buy some bran from our local miller who runs a small mill and does very good service in the community. One of the few old mills remaining in the country and operating. I was able to get bran at $23 a ton and I think it is better bran than you buy in the regular markets.

Mr. HAMMELL: Absolutely.

By the Chairman:

Q. What is your explanation?—A. The explanation is, I suppose, that my local miller is one of these men who does not work on the basis of getting all he can. He is living among the farmers there and he believes in "live and let live." I suppose he is doing fairly well.

By Mr. Hammell:

Q. Is it not quite possible that he has no export trade?—A. Still, he could sell at the market. He is selling at wholesale prices.

By Mr. Munro:

Q. You assume that he gets a profit, even at that?—A. I think so, yes.

By Mr. McKay:

Q. Well, Professor, what is your solution of this condition? That is what troubles us as a Committee.—A. Perhaps before stating any general conclusions. would you like some information about the fruit business as it affects me.

The CHAIRMAN: And then take up the remedies together? If the Professor prefers to do that.

Mr. MCKAY: I think the remedy is all on the same line.—A. I don't like to rush to conclusions in these matters, but what I have been trying to do is just to give concrete facts as they affect my own business. With regard to fruit: as I say, I am running a combination of a dairy and fruit farm in a small way, and I think it ought to be a very profitable combination.

By the Chairman:

Q. Just before you start about fruit; it is almost one o'clock and I think we had better adjourn. I think we had better sit this afternoon and if we have not finished a witness we might sit again at night. Shall we say four o'clock and that will give us an hour in the House?—A. Four o'clock then.

The Committee adjourned at 1 o'clock p.m. until 4 o'clock p.m. Wednesday, April 11, 1923.

AFTERNOON SESSION

C. B. SISSONS, recalled and examined:

By the Chairman:

Q. Professor Sissons, before the Committee adjourned you were just preparing to state your observations upon the production of fruit at your place?—A. Yes.

Q. Will you continue?—A. I have what I suppose might be termed a small orchard of about six or seven acres of fruit altogether, mostly apples, but I have some cherries, plums and pears, but I am trying to run the place as what you might call a one-man unit place, one man the year round, with additional help during the summer.

I have found in the disposing of fruit that the difficulty is first of all producing good fruit. It requires a great deal of care, spraying, pruning and all that sort of thing, and secondly the difficulty of getting a reasonably good price when once you have produced the fruit. Perhaps you would like to know my experience this year with cherries. I have here a statement from a commission merchant of Toronto, to whom I shipped cherries this year. They were very good cherries, exceptionally good cherries I think, and were shipped in eleven-quart baskets. I got back a statement from them of three baskets sold at 60 cents, 16 at 65 cents and 21 at 55 cents. The express on fruit on the shipment was $4.50, and the cartage 40 cents. The commission was $2.97, that is, at the rate of 12½ per cent, making net returns for those 40 baskets of $15.88. The picking of those cherries cost me 20 cents a basket, and the baskets themselves, buying them locally, cost me 13 cents, so that the picking and the baskets together cost $13.20.

By Mr. Hammell:

Q. For forty baskets?—A. Yes, for forty baskets. $13.20 taken from $15.88 leaves a balance of $2.68 as the returns on the 40 baskets, making 6½ cents a basket. In that 6½ cents you have to take into consideration the land, the trees, the spraying, the pruning, and the taking of them to the station. So that you can see the selling of cherries last year was not only not a profitable occupation but was distinctly a losing business.

By Mr. Elliott:

Q. In this connection, why was it that some of those baskets sold at a different price from others?—A. It was not any difference in the quality of the cherries at all, it was a matter of just the fluctuations in the market on any given day.

Q. They were not all sold on the same day?—A. I fancy they were, but not to the same parties. The market fluctuates up and down on any given day, depending upon the demand, just as the stock market does.

Profiting by that experience I determined not to give away my fruit any longer to the City of Toronto, so I inserted an advertisement in a local paper, saying that I had plums for sale, that is, when the time for plums came, and saying how much I would sell them for if people came and picked them, bringing their baskets, or if we picked them and supplied the baskets. The result was that within a few days all my plums were sold at a fairly decent price, and I could have sold a great many more if I had had them.

By the Chairman:

Q. Do you think if you had followed the same procedure you could have done the same thing with your cherries?—A. I think I could have got rid of my cherries.

By Mr. Hammell:

Q. Were the plums all sold that week?—A. People came in motor cars and got them. One man came I would say twenty miles, and wanted me to let him know next year when the plums came in, because he wanted to come in and get a supply for himself and for his neighbours.

By Mr. Elliott:

Q. Have you the net returns from those that were marketed in that way?—A. I sold them for 50 cents a basket if they picked them themselves, and if we picked them and supplied the baskets we sold them for 75 cents a basket.

By Mr. Hammell:

Q. 50 cents a basket on the tree?—A. Yes, 50 cents a basket on the tree, and the people were glad to get them at that price. I think they paid me fairly well. The difficulty was that they said there was a glut in the market when those cherries and plums were ripe. I do not know how serious the glut was, but I happened to be taking dinner with a friend of mine in Toronto during the cherry season, and the lady of the house told me that she had just bought two baskets of cherries for which she had paid $2 apiece. I told her she had paid a great deal too much. Cherries were selling at a good price in Toronto.

By Mr. Elliott:

Q. In connection with the first shipment of cherries to Toronto, after deducting commission, freight, and all those things you had how much left?—A. 6½ cents a basket, that is, for an 11-quart basket. I did not take the haulage into that.

Q. Do you know what those same cherries would have cost the consumer? A. I assumed that that lady had bought cherries of a similar kind, and she had paid $2 a basket. I think they were selling normally at that time at about $1.25 or $1.50.

Q. In Galt they were selling for $1.50 to $1.75 for a ten-quart basket.—A. It is a very discouraging kind of procedure.

By Mr. Hammell:

Q. There is something wrong about getting them from the producer to the consumer?—A. Quite so. Perhaps you would be interested to know what my procedure is in regard to apples. In regard to apples, I simply circularize people whom I happen to know, people largely with families. I think the apple is about the healthiest fruit a person can eat.

By the Chairman:

Q. Excuse me if I break in here. You circularize people you know because of the fact that you live close to the city?—A. People I know in Toronto.

Q. Possibly that method is not open to the ordinary farmer?—A. No, it would not be open to the ordinary farmer. As a result of that, I oversold my orchard this year, and had to buy in some apples from some of my neighbours in order to supply the demand. My own crop was not a particularly good crop this year. I packed those apples this year mostly in the round-covered bushel baskets, and I would sell to a man who would order three or four barrels from me; I would sell him so many bushels of one variety, and so many of another.

I would like to give you my experience with my first shipment, which was a shipment of Wealthy apples. I had certain orders for Wealthy apples, and made up a load with a motor truck. I hired a truck from the city and paid fifty cents per hundred this year for delivery from my orchard to the city, which

is a matter of fifty miles. We had 91 bushels loaded on that truck. I was not quite sure of the number of orders or the amount ordered, so I gave my man instructions in case they were not taken by the customers who had ordered them, to take the surplus first to a certain grocer whom I knew, and secondly to a commission man whom I knew, and to tell them whose apples they were. They disposed of eighty baskets directly at $1.75 per bushel basket, I think to the entire satisfaction of all those who received the apples, as far as I know. There were eleven baskets left, which went to the grocer, who said he could only take five; he took five, and paid $1.25 each for the five. They had six left, and they went to the commission man, who paid $1 each for the six, $1 a basket, and I have his statement here. Those apples cost then for cartage or freight, 12 cents. I do not know what that was, because we delivered them at his store.

Q. Maybe that was to cross the sidewalk?—A. It may have been for diverting his glance from the apples to some place else. At all events there was a 12 cents cartage charge, making $5.88, from which he deducted his commission, leaving me $5.13; that is, for these apples sold in a normal way, the way in which the ordinary citizen sells apples, I received just about 85 cents per bushel basket. For the apples sold directly to consumers, I got $1.75 a basket. I think that represents just about the variation between the normal price and the price one could get if he could overstep others and get to the people and deal directly with the people.

By Mr. Elliott:

Q. There would be about three bushels to the barrel?—A. Three of those bushels make a barrel. The only difficulty, I may say, with a bushel basket is that I fancy the late apples do not keep quite so well in them as they do in a barrel. An apple like the Russet tends to dry out a little when in a bushel basket, but in a barrel it keeps its moisture a little better.

Q. In connection with the marketing of any small package, do you not think that the habit we have got into in Toronto of marketing apples in the barrel gives to the average consumer—not the rich man but the poor people who do not want a package at too high a price, that is, they have not money enough to buy a whole barrel at once, but if a system was developed of marketing apples in the way you do, the small consumer or the person who had money enough to buy just one bushel, there would be a great demand for apples put up in that sort of package, in the City of Toronto?—A. I think that is quite so; on the other hand I think the apple market has been injuriously affected by selling apples in packages which are too small. You will understand what I mean; the grocer, instead of selling a bushel or half a bushel, sells one of these measures with about half a dozen apples in it, and the price is rendered very high in that way.

The Chairman:

As I understand it, Mr. Elliott's view is that if the producer put up his produce, say apples in smaller quantities, the consumer would be able to get a quantity directly which would suit his purse and his needs better; for instance, I presume Toronto is like Montreal, with a vast number of people living in apartment houses, with extremely small accommodation and practically no storage accommodation at all; they might find room for a small basket of apples, or a very small barrel of apples, but the ordinary sized barrel of apples they have no place or room for.

Mr. ELLIOTT: That is my argument.

Mr. ROBINSON: These apartments as a rule are too warm. Apples need to be kept in a cellar, where the temperature is just about freezing.

WITNESS: There are two things necessary; one is a low temperature, the other is moisture, and particularly in baskets which have slight openings in them. I can remember going into a cellar in Mr. Drury's house some years ago, and going into some sort of a cavern which he had dug out of his cellar into a bank, or it may have been on the level as a matter of fact. That was in July I should think, and the apples in that place, which was damp and cool, were just as nice as if they had just come off the tree. Dampness is quite as important as coolness. I have been trying to get my friends to take their apples when they come in the fall, and to try and keep them in places where they will keep very well. We have more individual houses than apartments in Toronto. Toronto is not as large as Montreal, and has not as many apartment houses. Many of these people in moderate circumstances have cellars in which they can keep their apples fairly cool. We have people ordering as many as four barrels from us in the fall. We use in our own family anywhere from ten to fifteen barrels a year.

By Mr. Elliott:

Q. That is quite a lot of fruit.—A. In the good old days I have known people put away more than that for a fair-sized family. There is no better fruit than apples, and you can afford to eat a good many in the course of a day without any serious results.

I think the apple market in Toronto has been very badly handled. I am convinced myself that there is not one barrel of apples used in the City of Toronto to-day where there could and should be ten. The people cannot get apples.

Q. You mean they cannot afford to buy them?—A. They cannot depend upon the apples they get. I remember very distinctly going down to the Orono Fair this last fall when I was shipping those apples, and talking to one of my neighbours he said "There is no use sending apples to Toronto, the market is glutted." I said "That is nonsense, I sold so many barrels over the telephone the other night. The commission men may be glutted, but the people have not any more apples than they want."

If you will permit me to say so, I do not care to be over-critical, but I think those handling apples in Toronto have failed to handle the situation properly. Perhaps we farmers have failed somewhat. I remember talking to a friend of mine, a Mr. Caston, who asked me where he could get my apples in Toronto. He said "I have not shipped apples to Toronto, I have not shipped any there in ten years. You people do not want apples."

By Mr. Robinson:

Q. Have the farmers co-operative societies among themselves?—A. They have a few co-operative societies. The Niagara people are developing quite a large co-operative concern now.

Q. We have in Nova Scotia the United Fruit Growers, and it is their object to put their fruit on the market, and they will overlook those commission houses if they do not handle the apples the way they should be handled; they will sell direct to the dealers.—A. One of the largest growers in my part of the country had some conversation with me recently about developing the Toronto market; he asked me about the possibility of our going in together, a few of us, to see if we could not do something to get good apples to the people there. You may go into the best shops there and see nothing better than a Domestic or a No. 3.

By the Chairman:

Q. Won't you see a great deal of British Columbia fruit sold?—A. Yes, there is a great deal of British Columbia fruit there.

By Mr. Elliott:

Q. Is it boxed fruit?—A. It is entirely in boxes, I think. I do not think I have seen anything else.

By the Chairman:

Q. What are your views about putting up Ontario apples in boxes?—A. Some people are doing that; a few people are doing it. Personally I think even for the family of modest means, a barrel is a reasonable sized package, because I think the ordinary family should be able to dispose of at least two or three barrels in a year.

Q. Will you excuse me if I interject something? You say it is hard to get good Ontario apples in Toronto?—A. Yes, sir.

Q. Toronto being about in the centre of Ontario?—A. Yes, sir.

Q. Not far removed from the various apple-growing centres of Ontario? —A. That is correct.

Q. There is no difficulty in finding good British Columbia fruit there, which comes 2,500 or 3,000 miles. The impression made upon my mind—correct me if I am wrong, is that that British Columbia fruit must be put up in such a way as to appeal to the public to a greater extent than the apples of Ontario when put up in barrels?—A. If I may say so, I think it is not so much the style of the package as the quality of the apples, and I mean by that, not that we cannot grow better apples in Ontario than in British Columbia, because I am sure we can; we do not grow better looking apples, but better apples, I am sure of that. But the good apples do not find their way to Toronto. All my neighbours who are producing large quantities of apples are exporters of apples; they deal with the Montreal market, they are not dealing with the Toronto market.

By Mr. Robinson:

Q. How many acres do the fruit growers average, in your district?—A. There are men there who grow anywhere from 3,000 to 5,000 barrels a year. We call that a fair-sized crop.

Q. It seems to me that that is an industry sufficiently big for the farmers to take hold of it themselves in some way; what are they waiting for?—A. A good many of them this year sold directly to the buyers, who exported them. They got a fairly good price, the men putting up good stuff.

Q. Exporting where?—A. To England. I am not sure that they have all got their money yet for the apples, but they sold them. I suppose some day or other they will get the money; I hope so, at any rate.

By Mr. Elliott:

Q. How does the export price compare with the local price?—A. I know men who got $4 a barrel for apples this fall.

Q. In England?—A. No, right in the orchard; they were good apples.

By Mr. Robinson:

Q. Do you know what apples are selling for to-day?—A. I sold mine for $6 a barrel in Toronto, and I think to-day if you had good apples and were selling directly to the consumer, you could get anywhere from $7 to $10.

Q. What is the price of apples in England?—A. I don't know.

By the Chairman:

Q. You are comparing the export price which is the price to the dealer, with the price in Toronto when sold to the ultimate consumer; that is hardly a fair comparison?—A. I was not trying to compare anything.

Q. What would you get if you sold your apples wholesale in Toronto?—A. You mean to-day?

Q. No, at the time; you were asked about the export price, and you said you knew a neighbour who got $4 a barrel f.o.b. his shipping point. What would that cover, if those apples, instead of being shipped to England had been shipped to Toronto?

By Mr. McKay:

Q. On the same date?—A. I suppose the same, although for some reason or other they do not find their way to Toronto.

By Mr. Elliott:

Q. Is there no demand for them there?—A. Of course there is a demand for them, but it is an undeveloped demand.

By Mr. Robinson:

Q. An undeveloped demand on the part of the farmer?—A. I would say it was a lack of business ability on the part of the men handling the apples in Toronto.

Q. But why does not the farmer go to work and sell them himself?—A. I do not think it is the business of the farmer to sell apples in Toronto. The farmer, if he does that, is taking over another man's work; I do not think it is his own work.

By Mr. Elliott:

Q. Professor, here is an actual happening: I do not live in a fruit growing district, although it produces a good many apples. A year ago there were hundreds of barrels of apples rotted on the ground. They were not picked. It did not pay to pick them. And in Toronto good, and very ordinary apples were selling for $6 and $7 a barrel. Can you offer any explanation of that?—A. I think the figures I gave, sir, are to some extent an explanation of it. If I had sold my apples in the ordinary way I would have got 85 cents a bushel for them, and shipped them to Toronto. The express would have had to come from that. That does not pay me. I cannot do it.

Q. There is something wrong in our economic system of handling our products, particularly fruit.—A. I think so. What I would like to see us do is to extend the operations of the co-operative concerns now being developed, and perhaps then we will either have to sell apples ourselves in Toronto, or we may find someone who will sell them in an efficient way; but I doubt very much if it is the business of the farmer himself to sell apples directly to the consumer.

Q. He has an interest in those apples until they get to the consumer?—A. Yes, he has an interest in them, but I think perhaps someone other than himself should take over the distribution.

There was a time, Mr. Chairman, when a good many of us used to bring apples into Toronto, a couple of barrels for our own use. They came in by express until the express rates became prohibitive and then we got them by freight. The freight rates are not very high, but to have a barrel of apples delivered from the railway to the home costs anywhere from fifty cents to a dollar a barrel, and the cartage companies leave the barrel on the sidewalk; they will not take it any further, unless you pay something extra to get it taken down into the cellar. I think that little toll of fifty cents to a dollar a barrel for delivery from the train to the cellar has had something to do with bringing to an end the process which at one time was very common, of getting apples directly from the farm to the consumer. I think that rate is excessive for delivering a package.

If it is not too great a digression, may I tell you an instance in which I took up a matter of that sort with the company. A friend of mine from Montreal was out in Vancouver, and bought a package of dried fish for me, and sent it by freight from Vaucouver to Toronto. This happened several years ago. The package came to Toronto, and was delivered at my house. I think the freight was 85 cents but the cartage was one dollar to convey the package from the railway station to my house. I went to the C.P.R. office and asked why so high a charge. They said, it is no concern of ours but of the Dominion Transfer Company. I said, In my opinion it is a concern of yours, those fish were not shipped by the Dominion Transfer Company but by the C.P.R., and the C.P.R. has a concern in those fish until they are delivered at my house.

Well, they said, that is the way we are doing business. I said, I want you to go into that matter quickly and I will give you two weeks to find out about it and if I do not receive a satisfactory explanation I will take the matter to the Railway Commission. The man went to the phone, and I heard some of the conversation with the Dominion Transfer Company, but in two weeks nothing had been done. I called up the office and they asked for more time, and I gave them a week more. In a week's time an official came to my house with a thick sheaf of papers and my wife, who interviewed him, happened to see what was on the top letter; it was a statement like this: "Since he threatens to take the matter up with the Railway Commission, we would like you to refund the difference between the regular rate and the rate charged." The amount refunded was 75 cents. The regular charge was 25 cents, and those people had charged a dollar. I thought it was worth while taking it up, Mr. Chairman; it was a little matter but an injustice.

At that same time, one of the drivers for the Dominion Transport happened to be paying attention to a maid we had in the house. I talked to him about the matter and he told me that sort of thing happens every day.

That is a digression, but it looks to me as if it were rendered as difficult as possible for the ultimate consumer to get his supplies directly from the producer.

Q. How many Transport Companies, commission men, dealers and retailers come in between the producer of fruit and the ultimate consumer? Can you tell us that?—A. I think in addition to the ones I have mentioned, that is the wholesaler and retailer, and in addition to the transportation, there is often a man who buys up apples and sells them to the wholesaler.

Q. That is a jobber?—A. I do not know what he would be called. He buys them up whenever he can get them, to sell them to the wholesaler.

Q. Let us follow a shipment of apples. It is put on the cars f.o.b. the growers' station. Follow that through if you can, shortly, and tell us the number of transactions that occur in that shipment of fruit before the consumer ultimately receives it?—A. I would prefer not to do that. I have not shipped in that way. I would be glad to have someone else do it. I at once saw that I could not make any money by dealing in the ordinary way and I tried to devise a way by which I could make money, which was dealing directly.

Q. The raeson for that question is that there is a great spread between what the producer gets and the consumer pays and we are trying to arrive at some decision as to who, is responsible for this great spread.—A. The only concrete information I can give you is, in the case of those apples, sold on the same day to consumers, to commission men and to grocers; the ratio there is $1 less commission; $1.25 in the case of the grocer, and $1.75 in the case of the consumer.

By Mr. Sales:

Q. How many apples will there be in a barrel?—A. That depends on the size of the apples

Q. How many would there be like this red apple? These cost five cents each in the cafeteria in this House, and they bring an orange from California, larger than this, and sell it for five cents. What is wrong with the home grown fruit?—A. Well, I told you what my friend Mr. Caston said; he said the people in Toronto don't want apples. The difficulty has been that the trade has been ruined, first by the number of poor apples put on the market and second by the exactions of the middleman.

By Mr. Milne:

Q. They are not able to want apples when they have to pay five cents apiece for them?—A. No, they are not. I would not care to say how many apples of that size there are in a barrel. If you weighed it, you could tell, because a barrel of apples weighs from 135 to 155 pounds.

By Mr. Elliott:

Q. Would there be a demand for fruits if they were put up in a small cheap package, in Toronto?—A. I think there would, yes.

Q. Why do the growers not market their fruit in that shape?—A. Some of them are doing so and selling directly. For example Mr. Ryrie, of Oakville. He sells his apples in small packages to very good advantage. I am trying to do the same with mine, but I think I will go back to the barrel with my customers next year for the late apples. That is I have got these people to the point where they will order two or three barrels a year and the late apples keep better in the barrel, and I wish to give satisfaction.

By the Chairman:

Q. Have you anything else to tell us, Professor Sissons?—A. There are one or two things suggested by what was said this morning.

The question was asked. How much taxes have increased? The taxes on my farm have increased from $40.02 ten years ago to $116 at the present time. They are nearly three times as great as they were then. The difference is made up partly in the cost of roads but largely in school taxes. I am paying about 24 mills on the dollar school tax.

By Mr. Sales:

Q. This apple weighs a light four ounces. That is four to the pound and if there are 135 pounds to the barrel there would be about 540 in a barrel, and at five cents would be $27.00 a barrel. The consumer should certainly be educated not to buy apples one by one. He should buy them in as large a package as possible?—A. Yes, I quite agree with that.

There is another item, Mr. Chairman, in the cost of production. Anything that can be done to reduce the cost of production to us is all to the good. I have here in my hand a bill for bushel baskets which I purchased from a Bowmanville firm. Forty dozen baskets at $3.00 a basket, $120. The sales tax $5.40. Total $125.40.

I happened to be in an orchard in Pennsylvania last fall and I saw some of these same baskets. They are American baskets, imported. The price there was 17 cents, but they cost me 26 cents a basket. There is $2 a dozen or about $40 difference in the price.

I noticed that when Mr. Scripture, I think it was, was giving his evidence, he said he had lost $60,000 in apples this year, and the producer was the person

out of whom he had to recover that. Assuming that he is buying apples next year, he will offer a correspondingly low price. It would seem to me that there is no reason why there should be a difference of 17 cents between the cost of bushel baskets over there, and 26 cents, which is the cost here. It is the same basket exactly. I notice that Mr. Scripture also predicted that apple barrels were going to cost 85 cents next year. They have evidently made up their mind what the price is to be. I say that is much too high for apple barrels.

By the Chairman:

Q. Is there no competition in the sale of apple barrels?—A. Apple barrels are difficult to transport. I think it was said that in Nova Scotia the price was fifty cents. They say the price here is to be 85 cents. I paid 75 cents last year and 80 the year before, and I think that is too large a proportion of the net return from the apples.

The same thing applies all along the line, Mr. Chairman. Take spraying material and spraying outfits. If a man is exporting all his apples, and if he were manufacturing instead of farming, he would get a 99 per cent rebate on the machinery that is used in the manufacture of commodities for export. Am I not right?

Q. He would get a drawback on the raw material which had been imported and went into the article, and then was shipped out again. I do not think he would get a drawback on the machinery he used?—A. He does on the raw material then and surely the barrel is part of our raw material.

By Mr. Robinson:

Q. If you were united in a co-operative society and bought on a large scale or had your barrels made for yourselves would there not be a saving there?—A. I think that is probably the only way of getting over the difficulty. But as it is at the present time we are under difficulties by reason of high prices all along the line.

Q. You have got to get together then?—A. I think we have got to do more than that. I think in the case of things that are essential to us and to anything we have to export, we ought to be able to claim the same privilege as the manufacturer does when he gets a rebate on his duties on his raw material.

Mr. SALES: I agree with you, sir, that is a good principle.

I don't know, Mr. Chairman, whether I have anything else. I have talked with many of my neighbours about the situation and I would like to confirm the statement already made to this Committee, that considering farming as a commercial proposition, people are not making money in farming to-day. The bank accounts of those who have deposits are being gradually depleted, and the only kind of men who are keeping even are first, men who have some highly specialized form af production, such as a man who produces particularly good eggs or a special brand of chicken. Secondly a man who has not any interest to pay on his investment and does not consider the interest on his investment but simply lives on the farm that his father left him and gets along in that way.

By the Chairman:

Q. He is not making any more money but he has his inheritance which has come down to him?—A. And he does not know he is losing money.

By Mr. Elliott:

Q. Then it is a rich man's game?—A. No, it is not a game to which you can apply the same principles as you apply to any other business. I think the

thing we ought to try to do is to put farming on the same basis as any other business in this country, if it is at all possible to do so, and I do not see why it is not possible.

By the Chairman:

Q. There was a witness the other day—I will not give you his name for the moment—who made this statement: On page 401 the witness was asked:—

"Q. Purely as a commercial proposition, do you think farming could be made a success in the West?—A. As a commercial proposition right now?

Q. Yes.—A. No.

By the Chairman:

Q. May I ask you this question, Mr. Blank? Has farming from the beginning in Canada, as far as your information goes, ever been for any long period of time a business success on a commercial basis?—A. No, I would not say that it had. I think there is a big change. We have come to a big change in our whole agricultural policy. Every country—it is an economic phase—goes through a certain period of development and exploitation, then a consolidation, and I think we have passed through development and exploitation and are coming to that era when we must consolidate and put farming on a business basis. We have not done that. It has been all a question of production."

I will be very glad if you will tell us whether you think that is a true representation of conditions which exist in Canada in general to-day.—A. Speaking offhand, I should say that the number of farmers who are making or have made at the same time interest on their investment and reasonable wages for themselves—and that would be my definition of farming on a commercial basis—is and has been extremely small.

By Mr. McKay:

Q. For what length of time?—A. Ever since I can remember, sir.

By the Chairman:

Q. Therefore, Professor Sissons, you would not take issue with the statement as given by this previous witness?—A. Not at all. I think if you define what you mean by "commercial basis" that is perfectly true.

Q. I might say, so as to clear up the matter, that we have been discussing with this witness before the Committee calculations of the cost of growing a certain product, allowing so much for interest on the land, so much per hour for labour of a horse and for a man, in order to establish a certain cost per bushel, on a business basis, and it was in connection with those calculations that the witness made the reply.—A. I would go so far as to say this, Mr. Chairman, that most of my neighbours would be better off to-day if instead of trying to farm at all they could rent their places at even a moderate rental—and the amount of rental is never in our section really interest on the investment and never has been—and quit farming and go to work for the Government, either on the road or in the Forestry Nursery which we are starting—in fact, some of them are doing that same thing, and I have no doubt at the end of the year they will be further ahead than those of us who undertake to continue in the interesting but rather unfruitful occupation of farming.

Mr. SALES: Not unfruitful, unremunerative.

Mr. HAMMELL: Perhaps they could get into the Civil Service.

Mr. SISSONS: Some of them argue that way, that they would get steady employment and better wages.

By Mr. Sinclair:

Q. I am putting it mildly when I say we are very much interested in the statement you have given to the Committee regarding the various farming operations you are interested in, but the important thing we are interested in as a Committee, is the solution of these difficulties. Unless we find the solution we shall not have accomplished very much. In your opinion, do you look for a solution through legislative action or through the development of sales agencies and co-operation by the farmers themselves? That is, can we depend upon ourselves or the Government for the solution? It must come from one of those sources.—A. I should say that we should depend on both of them. First depend mainly on ourselves to develop a good product, and to develop means of selling that product. That is the extension of the co-operative movement.

By Mr. McKay:

Q. Do you mean reaching the consumer through that co-operation?—A. Not necessarily going entirely to the consumer but going part way at any rate. I thing the ideal arrangement is to have a co-operative organization which sells to the consumer; which buys from the other co-operators themselves, as they have in England. They have developed the consumers' co-operative society to a tremendous extent to-day.

And secondly, I think we ought to depend on the Government to remove some of the inequalities which at present exist. Our business is largely an export business. Even if we do not export, our prices are determined by the export prices.

By Mr. Sales:

Q. Will you name the inequalities, professor?—A. I think the supply of baskets is one. I don't think when we export those baskets that we should be compelled to pay duty on our raw material.

Q. That would only be a trifling thing?—A. No, here is a $120 transaction for baskets, and a matter of $45 difference between the American price and the price I have to pay. That is quite a little item, and they say the farmer does not pay any taxes.

By Mr. Munro:

Q. It is not quite clear to me, professor, on what ground you base your objection to the grower selling directly to the consumer.—A. I don't object to that at all, only it is very difficult to do it. I as an individual, Mr. Munro, may do so, because I know these people and they know me; but suppose my neighbours joined with me, and we had 10,000 bushels of apples in a year to dispose of. Then it becomes increasingly difficult to deal directly with the consumer.

By the Chairman:

Q. May I interpret your thought, professor, and you will tell me if I am wrong. You feel that you do not want to interfere with the ordinary means of distribution, provided those are efficient and carry on operations at a reasonable cost.—A. Yes. I think it is very difficult to carry on operations at a reasonable cost to-day, because we have reached the stage when Canada is perhaps the most expensive country in the world to live in, because every man has to buy his motor trucks and pay high prices for them. The cost of doing business

therefore is very high. I am not trying to blame these people too much, but I think we as farmers, as I hope I have shown, are taking more than our share of the deflation, in fact an unreasonable part of it.

The CHAIRMAN: We thank you very much, professor.

ARCHIBALD LEITCH, recalled and examined.

By the Chairman:

Q. Professor Leitch, you are already sworn?—A. Yes, sir.

Q. We will not go through that ceremony again. You have been kind enough to come before us to-day with further details as to the cost of raising certain crops. You have also been good enough to hand to the Committee various copies of the different estimates on cost, which you have prepared?—A. Yes, sir.

Q. As I do not know just how you wish to approach the subject, I am going to leave it to your discretion. Proceed in your own way.—A. On this submitted statement, I have put a sample crop cost statement. Although it deals with barley only, it is for the purpose of illustrating to the Committee the items that make up the cost of a bushel of wheat, a bushel of oats, or any other commodity. You will note that the same items are taken into consideration. The first four items, seed, twine, threshing and hired man labour, are all, or practically all, cash expenses, but in some instances the seed is not.

By Mr. Elliott:

Q. These figures cover how many farms, Professor Leitch?—A. These figures cover 17 farms in Dufferin County, for the year ending May, 1921. I have on the next page brought those figures on a year later. I have just put these in as a sample, in order to show the items that make up the cost of a bushel of barley. The same general items make up the cost of a bushel of wheat or a bushel of oats.

The first four items, as I said before, are almost all cash items. The next five items, use of buildings, use of land, farmer's labour, horse labour and equipment labour are cash or indirect cash expenses. When I say indirect I mean that the cash expenses in these items are not always made during the current year, but they must be made at some time. The same thing applies to fall ploughing. Of the next two items the first is manure.

By the Chairman:

Q. May I break in with a question? What yield per acre is this first page based on?—A. 43·1 bushels of barley.

The CHAIRMAN: We are going to call the first page of this submitted statement Exhibit No. 51.

EXHIBIT NO. 51

SAMPLE CROP COST STATEMENT

Barley—Dufferin County—All Farms

Item of Expense	Cost per acre	Cost per bush.
	$ cts.	$
Seed	2 21	0·074
Twine	0 56	0·013
Threshing	1 26	0·029
Hired man labour	1 11	0·026
Use of buildings	1 05	0·024
Use of land	2 60	0·060
Farmer's labour	3 69	0·086
Horse labour	5 50	0·127
Equipment labour	1 02	0·024
Fall plowing	2 89	0·067
Manure	3 52	0·082
Interest	4 57	0·106
Total Gross Costs	30 98	0·718
Less Straw Credit	4 42	0·103
Total Net Cost	26 56	0·615

By the Chairman:

Q. Let me ask another question, if I may do so at this time. The cost of 61½ cents per bushel, this barley cost, what could that barley have been sold for at the time, after threshing, because you have put in your threshing costs; what would it have been sold for within a few weeks after it was reaped?—A. If this first page is plain to you, I am taking up all the crops on the next page. If there are no further questions on the details of these costs, I will pass on to page 2.

Q. Which we will call Exhibit No. 52.

EXHIBIT NO. 52

FARM CROPS

For Year Ending May 1921

Crop	Field per acre	Cost			Net farm revenue, profits, labour and interest per acre	Average acres per farm	Net revenue per farm for profits, farmer's labour and interest
		Per acre	Per bush. or ton	Sale value			
					$ cts.		$ cts.
Oats	39·8	24·40	0·52	0·50	6 13	30·0	183 90
Mixed grain	36·4	24·47	0·57	0·67	10 38	12·3	127 67
Spring Wheat	16·1	33·80	1·76	1·53	4 97	3·0	14 91
Barley	43·1	30·98	0·62	0·85	19 46	6·0	116 76
Hay	1·29 (tons)	18·58	14·39	25·90	20 15	24·0	483 60
Roots	599·0	76·95	0·128	0·188	70 36	1·4	98 50
Potatoes	71·6 (bags)	110·26	1·54	1·02	−9 31	7·5	−69 83
Total							955 51

APPENDIX No. 3

For Year Ending May 1922

Crop	Yield per acre	Cost			Net farm revenue, profits, labour and interest per acre	Average acres per farm	Net revenue per farm for profits, farmer's labour and interest
		Per acre	Per bush. or ton	Sale value			
					$ cts.		$ cts.
Oats	24·4	23·50	0·78	0·53	0 79	31·0	24 89
Mixed Grain	25·0	22·25	0·71	0·58	3 16	13·0	41 08
Spring Wheat							
Barley	25·3	33·64	1·13	0·64	−2 63	7·0	−18 41
Hay	1·44 (ton)	16·33	11·39	18·25	14 98	25·0	374 50
Roots	580	92·33	0·18	0·15	14 92	1·5	22 38
Potatoes	95·7 (bags)	87·44	1·03	1·53	71 93	7·5	539 48
Total							983 92

A. You will find seven crops which were grown on practically all of those 17 farms, the seven common farm crops of Dufferin county, including the usual feed crops, and spring wheat and potatoes. Taking the first crop, oats, the average yield per acre was 39.8 bushel, the average cost per acre, the same as on 51, was 24.40 cents, the cost per bushel was 52 cents, and the average value of oats sold of that crop, or the average of oats fed to live stock that year was fifty cents; the final market for those oats showed obviouly a loss of two cents per bushel, or roughly eighty cents an acre.

To go on to the next column headed "Net Farm Revenue, Profits, Labour and interest per Acre", here we have a commodity that was produced at a loss of two cents per bushel, yet out of that commodity those farmers had an income per acre of $6.13 for oats, or for an average of thirty acres of oats to the farm, a net revenue per farm for profits, farmer's labour and interest of $183.90 per farm. But there were no profits, because the oats were produced at a loss, but part of those costs were revenues to the farmer. The $3.69 in barley (page 1) for farmer's labour, was an income to the farmer.

Q. Just the same, is it not, Professor Leitch, as if a man had a business against which he charged a salary of say $100 a week, and ended up the business at the end of the year with a slight loss, but he had had his salary all the year?—A. Yes. The $100 was one of the costs of the business—but the business was not profitable enough to pay him $100.

Q. If it had been a limited liability company, they could have declared no dividend?—A. No, sir.

Q. But they might have taken his small salary out of reserve?—A. Yes. The next most important grain crop is Mixed Grain, that is, oats and barley mixed for feed. In some cases it was oats, barley, wheat, and so forth mixed. The average yield per acre was 36.4 bushels, quite a few pounds more per acre than the yield of oats. The average cost was $24.47, the average cost per bushel was 57 cents, and that grain was either sold or transferred to cattle at an average price of 67 cents per bushel. There was a profit of ten cents per bushel in the growing of that crop, but in addition to that the farmer had his living, or rather his revenue out of which he could live; he had the part of the costs of that mixed grain which was his own labour, and the cost that is represented by interest upon his investment, because all that part of the capital was his. So that that crop yielded the farmer a revenue out of which he could live of $10.38 per acre, or from his 12.3 acres $127.67.

[Mr. Archibald Leitch.]

Spring wheat gives somewhat different result. The yield was comparatively small being 16.1 bushels per acre; the cost per acre is higher than the ordinary spring-sown cereals; in this case it was $33.80 per acre. The cost per bushel was $1.76, and it was sold at an average price of $1.53, or a loss of 23 cents per bushel. But even at that an acre of spring wheat gave the farmer an income of $4.97 out of which he could live, although the spring wheat was produced at an obvious loss of 23 cents.

I have here some figures for barley. There was an average yield of 43.1 bushels per acre; the average cost per acre pas $30.98, or 62 cents per bushel, part of which was sold and part transferred to live stock at an average price of 85 cents for the year. The profit on the growing of the crop and the added revenue to the farmer for his own labour and the interest on his investment was $19.46 per acre, and the average per farm was 6 acres grown.

The hay crop yielded an average of 1.29 tons per acre; the cost per acre was $18.58 or $14.39 per ton. The price of hay was very high that year, and the average sale price and the average transferred to live stock was $25.90, and as there was a large profit per ton there was naturally a large net return to the farmer for his labour, interest and so forth, amounting to $20.15. The average number of acres per farm was 24 acres. Of root crops, such as turnips and mangels combined, the average yield was 599 bushels, but the cost per acre was very high, being $76.95, or 12 8-10 cents per bushel. The price of turnips was very high that winter, and the price of turnips sold and roots transferred to live stock yielded 18.8 cents per bushel, or a profit of $70.36 to the farmer. The acreage per farm was small, being 1.4 acres. Potatoes tell an entirely different story. The yield was small that year, and the price was low. The average yield was 71.6 bags per acre, the cost per acre was $110.26 or $1.54 a bushel, and the sale value, the average price received for all potatoes was $1.02 per bag, an obvious loss of 52 cents per bushel, which was not made up by revenue coming out of the crop. There was an actual loss, that is, there was nothing coming to the farmers per acre out of which they could live; as a matter of fact they went into the hole to the extent of $9.31 or $69.83 per farm. The average number of acres per farm was 7.45.

These figures give a total net farm revenue from crops grown, which includes the profits on the crops, the value to the farmers in labour contributed to the crops and the money invested in land and buildings that helped to grow the crops, of $955.51 per farm.

The lower half of the page gives the same figures in detail for the year ending May, 1922, the year ending last May, a crop year of low yields and low prices. The yield of oats dropped to 24.4 bushels per acre from 39.8 bushels per acre in the previous year, but the cost per acre did not come down in the same proportion. That is one of the characteristic things in farm costs; whether the yield be large or small, the cost per acre varies very little, because all the labour of seeding and harvesting, the interest on investment, the use of machinery and the use of horses amount to about the same per acre, whether you get a full crop or a half crop. Some of the actual labour for handling the crop at harvest time is saved, but that is all that is saved in a year of low crops. We see in the crop year 1921 oats costing 52 cents per bushel as against 78 cents. Oats were a little higher in value last year in that section, being worth 53 cents, but there was a loss there of 25 cents per bushel. Even at that the farmer had a revenue of 79 cents per acre to himself and a net revenue per farm for profits and so forth of $24.89. The low yield practically wiped out all his revenue from all sources from the oat crop.

Mixed grain gave a little better result; the yield did not drop so much. The cost per acre went down a little more. The average price per bushel was 71 cents as compared with 57 cents in the previous year; the sale value was 58 cents as compared with 50 cents the year before, and although there was a loss of 13 cents per bushel, there was a small item of $3.16 of revenue to the farmer per acre.

Spring wheat was not grown on any of these farms that year.

Q. Was that due to anything special, or did it just happen that way by rotation?—A. During the last two years of the war and the year after the war there was a great stimulation in the growing of spring wheat, due to inflation. The comparatively low price of wheat the year before had discouraged farmers from keeping on with spring wheat. The yield of barley had dropped also to a greater extent than any other crop, and the cost per acre was higher. This is rather a peculiar thing, but some of the farms represented in 1921 in this investigation did not grow barley in 1922, and there were two of them that happened to be the ones that produced at the cheapest cost the year before. While there is no reason why the cost per acre for barley in 1922 should be so much higher than the previous year, nevertheless this is the fact. The average cost of barley per bushel in the year ending May, 1922, was $1.13, and the average sale value was 64 cents, an actual net loss to the farmer on his barley crop of $2.63 per acre. There was not only that obvious lack of profits; there was not sufficient revenue to meet the cash expenses and to give the farmer any return at all for his labour.

The hay crop, as it usually does at nearly all times when there is a crop, shows a profit. The yield was higher than it was the previous year, the cost per acre was down a little, the cost per ton was down a little, but the value of the hay had dropped from $25.90 in 1921 to $18.25 in 1922, but even at that there was a profit of $14.98. There was a net revenue to the farmer of $14.98.

The root crop showed a decreased yield and an increased cost per acre. That was due to the fact that the mangel crop was better in the crop year of 1920 than the 1921 crop year. All these things raised the cost per acre to $92.33; the average cost per acre was $92.33, and although there was a loss of 3 cents per bushel, still the root crop produced to the farmer for his own labour $14.92 per acre and for interest on money invested in the land. The root crop provides per acre much more labour to the farmer than any of these crops except potatoes.

Potatoes were just the very opposite to what they were the year before. The yield went up 24 bags per acre, amounting to 95.7 bags; the cost per acre came down to $87.44, and the cost per bushel came down to $1.03. Potatoes were sold at an average price of $1.53 showing a profit of 50 cents per bag, and a total profit per acre of $71.93 to the farmer. The net result of that area was—and it is quite characteristic of mixed farming, the old staple type of mixed farming —that if one thing fails something else during the same year will likely come along to take its place. So that you will see that the total net revenue to the farmer, out of which he could live, in the crop year of 1921 was about the same as it was in the crop year of 1922, in spite of the fact that mixed crops, oats, grain and barley which occupied a large part of the farms were much reduced in yield and much reduced in price.

I have just put the figures in this shape to show that figures on the cost of production of farm crops must be interpreted with considerable care. Farm costs are not the same as the costs of other businesses. A large part of the cost of raising farm crops consists of revenue to the farmer.

Q. Will you say that again?—A. A large part, or a fairly large part of the cost of raising farm crops is actual revenue out of which the farmer can live.

By Mr. Hammell:

Q. Will you explain it, please?—A. Well, his family provides a large part of the labour, and whatever rate per hour you may give, it is a revenue to him. A manufacturer hires all his labour, his labour cost is a complete outgo of hard cold cash, he has to go down into his pocket and pay it.

By the Chairman:

Q. That is the reason why a large farmer engaging a lot of hired help may make a dismal failure of the operation, while his neighbours who are farming their own land with the help of their families and the occasional help of a hired man may make a fairly decent living?—A. Yes; that is the reason why we only have half the picture of farming when we have the cost per bushel or the cost per ton. To get any intelligent idea of the economic part, we must know what part of those costs is actual cost that the farmer has to pay out of his pocket and what after all are revenues out of which he can live.

By Mr. Hammell:

Q. Is that an argument for small farms?—A. Not too small. It is an argument against enormously large farms.

By the Chairman:

Q. It is an argument against farms being carried on on the scale of the modern industrial establishment?—A. Yes. The results from the accounting or the business statement of a farm on a strictly business basis may prove the farm to be unprofitable. The operator of that farm may have got a reasonably decent living, perhaps better than in any other enterprise in which he could work.

By Mr. Elliott:

Q. The result of your figures shows that at no time could a farmer hope to make any more than a living, under present conditions?—A. Almost under any conditions, you might say. Farming needs abundant land, and land is an economic factor different from anything else we have in the world; it is the most desirable thing we have in the world, and people always pay too much for it. I would like to make this statement; if by some miracle the price of wheat was $5 a bushel, in two years there would be just as many people raising it at a loss as now at $1 a bushel. The immediate effect would be to shove up the price of land, and it would be up so high that those who had land would want to retire and the man who would buy it would be in the same position as the man who raises wheat at $1 per bushel.

By the Chairman:

Q. That is to say, the increase in the land value would accrue to the benefit of the immediate owner?—A. It would accrue to the benefit of the then owner.

Q. And anyone going into the market to buy after the rise in price had occurred would have to pay to a former owner the unearned increment which had arisen?—A. Yes.

By Mr. Caldwell:

Q. Would you extend that a little farther; would you say it would increase the cost of production as well?—A. There would be an immediate demand for machinery which would save labour.

By the Chairman:

Q. I would imagine that a gentleman like yourself, a deep student of rural economics, might more or less agree with the economic philosophy of Henry George?—A. Yes.

Q. Do you say yes to that?—A. Well, yes, generally speaking he might. I would like also to point out this, that due to the fact that at no time can those engaged in agriculture, the average man engaged in agriculture, expect to make money in a commercial sense out of farming or from farming, there must be removed many of the disabilities under which he may suffer in competition with other businesses, on account of the lack of opportunity for making any sort of respectable or high remuneration, except such opportunity as may come to the occasional individual who develops some particular capacity along some particular line.

Q. I am going to read you, Professor Leitch, two or three questions and the answers thereto, given by a witness who appeared before our Committee some days ago, and concerning which I would like to have your views. The witness was asked:—

"Purely as a commercial proposition do you think farming could be made a success in the West?—A. As a commercial proposition right now?

Q. Yes.—A. No.

By the Chairman:

Q. May I ask you this question, Mr. Blank; has farming from the beginning in Canada, as far as your information goes, ever been for any long period of time a business success on a commercial basis?—A. No, I would not say that it had. I think there is a big change; we have come to a big change in our whole agricultural policy. Every country—it is an economic phase—goes through a certain period of development and exploitation, then consolidation, and I think we have passed through development and exploitation, and are coming to that era when we must consolidate, and put farming on a business basis. We have not done that. It has been all a question of production."

Would you, generally speaking, agree with the views expressed by that witness?—A. I would, if by consolidation he means intensification, or the better application of more labour and more care.

Q. He was asked by Mr. Hammell in the next question:—

"Q. What do you mean by consolidation?—A. Perhaps I should use the word intensification; use the term intensification."

A. Consolidation might mean the consolidation of small farms into large ones. I could not agree with that.

By Mr. McKay:

Q. Supposing you go to an ordinary town with a population of two to ten thousand and take 85 per cent of the population and compare their condition financially with that of farmers generally in Canada; how would their relative financial circumstances compare?—A. At the present moment, if you put the figure as high as 85 per cent of the people in the urban centres, or instead of the present moment say from 1921 down to the present time.

Q. Take it for ten years if you like.—A. If you take any ten year period in the past the farmers are better off, all things considered.

Q. I might say that, stating it roughly, 85 to 90 per cent of the people in the towns and cities are living on the ragged edge. If that be so it might be a good thing for this Committee to investigate the merchants; take an ordinary merchant in a town of six to ten thousand, and have him give evidence along the same lines as we have taken here and you will find very few successful merchants.

Mr. CALDWELL: That is covering a ten year period. If you take the last three years that is probably true because the merchants bought their stocks when prices were very high.

Mr. MCKAY: It might be as well at this time to take a relative view and not confine our investigation to one line.

By the Chairman:

Q. Perhaps the witness will give his view on that.—A. I think the knowledge that we need more than anything else in agriculture in this country is to know what happens to our products from the time they leave our hands until the consumer buys them over a retail counter. We are the only people engaged in any industry in the world who govern their business by the one actuating impulse, "What can I produce." Every other business in the world that produces or handles anything, builds on: "What can I sell." Professor Sissons brought this up. I cannot agree with Professor Sissons when he says it is not desirable for the farmers to participate in the marketing of their products. I am absolutely convinced that they should participate. The only solution to this difficulty of the wide spread between the price the farmer receives and the price the consumer pays, is to have the farmer realize that he must produce the things that are demanded; give people what they want to buy; not decide for them what the producer thinks they ought to have; give them the things they want to buy in the quantity that they can buy, and have that principle rule all their productive operations. That is no simple matter, but it must be done. We have reached the point in production of farm products where we have difficulty in finding profitable purchasers for the stuff we have to sell. So that is one thing we must realize, that we must reorganize our business on the basis of what we can sell. To have that properly decided for the farmers as a class and as individuals, they will have to participate in the business of distribution or marketing. Now rapidly as American agriculture and American agricultural production has developed, there has been someone to take distribution off our hands, certainly since 1893, and farmers have got into the habit of thinking that no matter what they have to produce there will be someone to buy it, and so we have left that work of handling to someone else.

Inevitably, when any man enters in as a middleman, not a direct representative of the producer, but a middleman, acting for himself as a distributor, the man who has to make the guess of what he can sell, and pay the farmer what he can, that introduces an element of speculation that is absolutely necessary in the middleman's business, and the only way you can avoid the evils of speculation which have evil reactions on the consumer and producer, is to have the producer know what the consumer can buy, and distribute the goods by himself or his agents. No miracle will work that out; it will take years; but we may as well decide now to have that done, and see that all proper steps are taken by all such agencies as this Committee, and our Government departments, to put before the people the real question of what happens to commodities in the time between when they are produced and the consumer gets them. That is a thing that farmers know nothing about, and we must build our new system on the basis of complete knowledge.

Mr. MCKAY: I am glad I asked that question.

By Mr. Caldwell:

Q. That brings up the question of co-operative markets?—A. Yes.

Q. Would you say the ills of 85 per cent of the commercial men in the cities, as well as the producers of farm produce, are due to the high cost of transportation and to faulty methods of distribution?—A. No, I could not say that. The

people comprising that 85 per cent are not all engaged in the business of distributing agricultural products.

Q. No, but as consumers; our cost of transportation and faulty distribution work a hardship against both the producer and consumer, it is a case of the middle against both ends.—A. Yes.

By the Chairman:

Q. Is not that rather a reflection on our present economic system?—A. No, I cannot agree with you there. We have done the best we could under the circumstances.

Q. Perhaps you would not be quite so strong in your negative if you had listened to the whole of the question. Is it not rather a reflection on our whole economic and social system that the farmers are dissatisfied, and not making a fair return; but your view is that taking a ten-year period the vast proportion of people in the cities and towns are worse off than the farmers?—A. Yes, but in this particular instance, Mr. Chairman, in this year they are not.

Q. No, I do not think they are. I do not know that we can do anything to cure it, but it causes serious men to reflect that under our present economic and social system success is the exception and more or less arduous conditions are the rule for the vast bulk of humanity.

By Mr. McKay:

Q. We are evolving, but very slowly.—A. Well probably that is the safest course.

By Mr. Caldwell:

Q. With regard to the other statement by Mr. McKay as to storekeepers being on the ragged edge of hard times, I think at the present time that is largely due to the fact that goods were purchased when they were high in price and going up. Everybody bought, and commercial firms bought more goods than their present trade would justify and the goods cost more than they do to-day. They got caught with heavy stocks and in the slump lost large sums of money.

Mr. McKAY: There is no question about that; but leaving that out altogether and taking ten years previous to the war, the statement I made will hold good.

The CHAIRMAN: I was speaking to a very successful merchant in a city of about 5,000 people now. I asked him how many merchants succeeded. He said, I have been in business in my town for thirty years, and as far as I know there is not one man in business in this town now who was in business when I started thirty years ago. He did not say all had failed; some had died, others gone out of business or retired, but a great number had not succeeded. He could not say how many had retired with a competence.

Mr. McKAY: That man had succeeded because he was far above the average in ability, almost a superman.

The CHAIRMAN: He had marvellous energy and good intellectual ability.

Mr. McKAY: And no doubt used all his employees well.

Mr. HAMMELL: We were told yesterday that $100,000,000 are owing to the retail merchants in the Province of Saskatchewan.

The CHAIRMAN: It is almost six o'clock. I will ask the Professor whether we shall sit to-night in order that he may catch his train at 11 o'clock. We will begin at eight o'clock.

By Mr. Sinclair:

Q. I cannot be here at eight o'clock and I would like to ask one question to see whether I have understood the evidence of the last witness. You will tell

me if I have your evidence summed up correctly. Is it your opinion that the difficulties under which the farmers have been labouring are due more particularly to the fact that they hold constant attention on their production and neglect the selling end of the business?—A. Generally speaking, but they are not responsible for the large part of the immediate conditions. As a national duty they were encouraged to produce during the war.

Q. I do not mean the particular state just now, but the fact that farming has never been very profitable. Is the present crisis due more to that fact, that they thought more of production and very little of intelligent merchandizing?—A. Yes, that is true.

Q. I think the statement was also made that 85 per cent of the people in the towns and cities are on the ragged edge. If farmers could overcome that trouble of theirs and intelligently market their goods in such quantities and places as the market requirements indicate would not that also include the condition of the 85 per cent?—A. Undoubtedly. Everything that will improve the farming industry will improve every citizen in the country.

Q. Can the Government by legislative action do much more than provide opportunity for these two classes to work out their own salvation?—A. Government can remove disabilities that any industry may suffer under as compared with other industries. That is one thing. Then the duty of the Government is to provide the farmer with that knowledge of market and business conditions that they cannot as individuals get for themselves.

Q. That is what I meant by furnishing opportunities; giving them a chance to help themselves.

Mr. McKAY: It is possible to trace wheat from here to Liverpool.

The CHAIRMAN: We have had an interesting session, and we will resume at eight o'clock this evening and then at ten o'clock to-morrow morning.

Adjourned at 6 p.m., Wednesday, April 11, 1923, until eight o'clock p.m.

Evening Session

The Special Committee appointed to inquire into Agricultural conditions throughout Canada resumed their session at 8 o'clock p.m., the Chairman, Mr. McMaster, presiding.

Professor A. LEITCH, recalled.

By the Chairman:

Q. Now, sir, we are prepared, if you will kindly continue your expositions? —A. Has any member of the Committee—I had finished sheet No. 2, unless some member of the Committee has some questions to ask.

By Mr. Sales:

Q. This hay looks to be a profitable crop?—A. Yes, it usually is, Mr. Sales.

Q. They sell some of it as a cash crop?—A. Yes, but the large part of it is fed on the farm, and the prices are credited, that is, the farm market prices for that hay, what they could have sold it for at the farm.

By the Chairman:

Q. Are you finished with Exhibit 52? Then we can go on to page 3, which is Exhibit 53.

APPENDIX No. 3

EXHIBIT NO. 53

POULTRY PRODUCTION 1920-21

Average hens per farm	68		
Average number of eggs per hen	86		
Gross Receipts from poultry per farm			$ 247 46
Cash Expenses and Depreciation—			
Feed purchased		$ 4 26	
Hired labour		10 53	
Miscellaneous cash expenses		0 39	
Depreciation in inventory		30 60	
Use of buildings		6 20	
			51 98
Left for home grown feed, farmer's labour and interest			$ 195 48
Value home grown feed		$ 108 99	
Value farmer's labour, horses, etc		36 85	
Interest at 5 p.c. on investment in poultry, poultry buildings, horses and equipment		9 04	
			154 88
Profit per farm			$ 40 60

Equals an additional 22½ p.c. on investment.
Poultry returns have not varied materially since year ending May 1921.

By Mr. Sales:

Q. The Professor might just deal with the potatoes, at the bottom there.

The CHAIRMAN: You are returning to Exhibt 52.

By Mr. Sales:

Q. Yes; is that not a small yield?—A. 95 bags.

By Mr. Caldwell:

Q. That is 95 common bags?—A. That is roughly 145 bushels to the acre It is not a really large yield.

Q. Is it not a very small yield?—A. In that particular section I think it is fairly good; the section does not expect large yields, but they get sufficiently good yields there for them to use it as their chief cash crop.

By Mr. Sales:

Q. You are satisfied these men are good farmers?—A. Yes, these farmers that are mentioned are the same farmers I mentioned the first day. There were 17 farms selected as representing the typical farms of the district; neither the best nor the worst.

By Mr. Caldwell:

Q. Do they use commercial fertilizer on these potatoes?—A. Very little.

Q. Chiefly manure?—A. Yes, but there was some commercial fertilizer used.

Q. How do you figure the cost of your potatoes; what do you allow for fertilizer?—A. The fertilizer—the exact cost of it.

Q. That is, you extend the manure over several years?—A. Yes, over three years; 50 per cent the first year, and 30 per cent for the second, and 20 per cent the third. In distributing that manure cost, we take the amount of manure applied to an acre of land and we credit the current year's crop with half the value of that manure and distribute half over the next two succeeding crops.

By the Chairman:

Q. You debit the crop with it?—A. Yes, with half the value of the manure applied for that year.

Q. You debit the crop, you do not credit the crop?—A. No, we debit the crop.

By Mr. Sales:

Q. Professor, there is something here that I do not exactly understand. It is on both these pages—

The CHAIRMAN: What are these, 51 and 52?

By Mr. Sales:

Q. Yes. I notice there are 43 bushels of barley on your second page, in the top list there, the yield in the year ending May, 1921?—A. Yes.

Q. Now, the threshing cost on the third page is $1.26 per acre?—A. Yes.

Q. You do not mean to say that you thresh at less than three cents a bushel?—A. Yes, that is the cash cost of threshing. The farmers themselves supply all the labour except the small gang of two men with the machine.

Q. A man just provides the machine and two men to run it?—A. Yes.

Q. What about the fuel?—A. The farmer supplies that.

By Mr. Caldwell:

Q. And you do not credit the farmer with anything for his labour?—A. Yes.

Q. That comes under another head?—A. Yes. We have no big custom gangs on threshing as you have in the West. We thresh usually by the day.

By Mr. Chairman:

Q. Does that mean, Mr. Leitch, that threshing costs are very much lower in Ontario than they are on the plains?—A. No, I would not like to say that, because our threshing costs in this country are widely diffused. The thresherman moves on to a man's farm with his machine and two men.

By Mr. Hammell:

Q. Sometimes three.—A. Yes, sometimes three.

By Mr. Sales:

Q. And your threshing is done in the barn.—A. Yes, either in the barn or in the yard; often the machine is set up in the barn and the hay blown out in the yard and stacked, and the grain carried direct to the granary.

Q. The grain is stacked in all cases?—A. It is usually put in the barn.

By Mr. Caldwell:

Q. Part of the cost of this threshing is charged up under another head, as farmer's wages for the year.—A. Yes. I think some of our western friends put this threshing under one head. We could do that, but we did not do it.

Q. It is not our method?—A. No.

By Mr. Sales:

Q. Except that it does this, that a man who does not understand this who looks at the threshing costs in the east and in the west, thinks we are either very extravagant or very unbusinesslike or something like that. They must understand that ours is done in the field, and that the men are hired and carried to the machine.—A. Yes, and there is a big gang hired with somebody for a specific purpose.

By Mr. McKay:

Q. For threshing and hauling the grain and everything?

By Mr. Sales:

Q. Yes, the whole business, and sometimes they feed the men as well, and that is all included in the price charged per bushel, which looks very high compared with the eastern prices.

Mr. CALDWELL: That is part of the cost, Mr. Sales; in the east it is placed under different heads. It possibly costs us just as much as it does the western people.

Mr. MCKAY: In threshing in the west, I believe Mr. Sales can answer this, when a thresher comes along with his machine do all the farmers join and help you voluntarily, free labour?

Mr. SALES: There are different methods.

Mr. MCKAY: Here it is voluntary help, co-operation.

Mr. SALES: We do that sometimes, a farmer will have a small machine and two or three neighbours will change work, and each will keep track of his number of days and settle up at the finish. Then there are other methods; some machines take a big gang, probably twelve teams, and they travel right along and feed the men themselves in a caboose or cook-car, and carry the whole outfit together. There are different methods. We have many small machines now which belong to two or three farmers co-operatively, and they work together, so there is no hard and fast rule in speaking of threshing costs in the West.

Mr. MILNE: In our part, the neighbours do come and are credited with the current wage.

Mr. MCKAY: The farmer is?

Mr. MILNE: Yes; supposing I have an outfit, and you come and help me to thresh, you get your $5 or $6 a day whichever the current charge is, the same as if you were outside help. I may go out to help you, but it is kept track of also.

Mr. HAMMELL: You are not so particular about half a day or a day?

Mr. MILNE: That depends a great deal on the shortage of labour.

The CHAIRMAN: Now, have we arrived at Exhibit 53, gentlemen?

The WITNESS: The rest of the exhibits now, except page 9, deal with live stock and live stock markets. I have covered all the common crops in Exhibits 51 and 52. This is now Exhibit 53. This deals with the poultry business, on mixed farms. Now, as poultry is conducted on our mixed farms, it is the most profitable side-line we have, but it is a peculiar enterprise in that it cannot be very much extended from the size it is carried on now without cutting the profits down very materially. As a small farmer's flock, it is a wonderfully profitable proposition, but when it is extended to a commercial poultry plant, on the farm, you begin to introduce elements that practically wipe out these profits. I did not make this up to date, because the poultry business has changed very little from these prices, and costs have remained fairly uniform during all this time.

By Mr. Sales:

Q. Can you tell us, Mr. Leitch, what you receive for eggs down in Ontario, say now at this time of the year?—A. I could not just tell you now; eggs have been dropping these last ten days; the price is down to 25 or 30 cents now.

By the Chairman:

Q. That is what the farmer gets?—A. Yes.

By Mr. Sales:

Q. And in the West we get 15 cents.—A. Yes. Since it is impossible in the poultry business to separate egg production from the production of meat, we have not been able to make a separation that suited us, because of the revenue

derived from poultry, which is about half and half, half from eggs and half from the meat, and it is impossible to allocate the cost justly between these two, so we treat them all as one business, and present it in the form you see here.

By Mr. Sales:

Q. And you allow $10.53 for labour?—A. Yes, that is the hired labour, and the farmer's labour in addition, and his horse labour, $36.85. The first list of items there, of course, you will notice there the gross receipts from poultry per farm was $247. The average number of laying hens per farm was 68, and the average number of eggs produced per hen was 86.

By Mr. Sales:

Q. Did you think there was room for considerable improvement in the breed of the hens?—A. Yes, undoubtedly, that is not a large yield. Then you come to expenses; we first take out the cash expenses, feed purchased for the hens, hired labour, any miscellaneous cash expenses—they are very low—.

By Mr. Caldwell:

Q. This is an average per flock per year?—A. Yes.

By Mr. Hammell:

Q. Mr. Leitch, have you any preference as to breed?—A. I am not a poultry man. As a matter of fact, the most of these farm flock hens in that district are Barred Plymouth Rocks.

By the Chairman:

Q. I just barely caught that; I do not know whether the other members of the Committee caught what you said. What did he say, Mr. Caldwell, that the breed was?

Mr. CALDWELL: Mostly Barred Rocks.

The WITNESS: It is true, that during that year, that is the year ending May 1921, there was some depreciation in the value of hens, like, for instance, there was an average depreciation in the value of the flocks of $30.

By Mr. Caldwell:

Q. That is in all the flocks, not in the equipment?—A. No, that is just the flocks, the depreciation in the inventory. Then there was the use of buildings, $6.20. That makes the total cash expenses $51.98, and that subtracted from the gross revenue of $247.46, leaves $195 to pay for the home-grown feed, for the farmer's own labour, and for the interest on his money invested in the flock, and those three items are itemized there. The value of the home-grown feed at farm market prices was $108.99; farmer's own labour $36.85, and the interest at 5 per cent on the investment, the poultry equipment and horses, $9.04. These expenses amount to $154.88, which leaves a gross profit of $40.60 per flock, which is equivalent to an addition 22½ per cent on the investment.

By Mr. Elliott:

Q. Mr. Leitch, how would you suggest that these profits could be increased? —A. By having hens that would lay more eggs per hen; that would be the first.

Q. Any other suggestion?—A. A sharper culling of the hens, that is, to weed out the poor layers and so on.

Q. How about the feed?—A. Well, generally speaking, they are fairly efficiently fed.

By the Chairman:

Q. Fairly efficiently what?—A. Fairly efficiently fed; fortunately it is usually the woman of the house who looks after them.

By Mr. Sales:

Q. The hen has this advantage, she can walk around and choose her own food.—A. Yes, she can, a large part of the year. Now, it would look on the surface as though this were a very profitable enterprise on the farm, and that it is worthy of great development, but we find that when farmers try to keep the flock up to 100 hens it means that they have to introduce artificial methods of incubation, if they try to main flocks of more than 100 or 120 hens. To raise 100 pullets each year, because it is the best practice to get rid largely of the old hens, and raise the pullets; that would mean the farmer would have to set about 400 eggs to get 100 pullets. That is on an average, because first of all he would have out of that 400 eggs a certain number of unfertile ones; then he would have a certain number of chickens die; the chicken mortality after birth is rather high. That would amount to between 50 and 60 per cent of the eggs set. Then, of the chickens raised, half of them would be roosters, so to get 100 pullets he would have to set from 400 to 500 eggs, which will keep 30 to 40 setting hens to raise them by natural incubation.

By Mr. Caldwell:

Q. That is not allowing anything for natural enemies, hawks and so on?—A. No, so when you begin to try and maintain a farm flock of over 100 laying hens a year, you introduce artificial methods of incubation, which means greater losses, greater expenses, and the result is that your $40 profit is usually wiped out.

Q. It is not profitable to use incubators.—A. It is with the experienced chicken man, the man who has demonstrated that he is able to do better than the ordinary farmer, but the ordinary man does not understand it, and will not make a succes of it, and is not interested in it.

Q. Have you any vital statistics of selling chicks at two or three days old?—A. Yes, there is a big business done, but I might say this, that there is no farming business that I know of on which you can figure such large profits on paper and lose so much money as the ordinary flock on the farm, that is of a size that can range around and pick up a good deal of its living, a good deal of waste products, so the chickens can be kept up by natural methods of incubation.

By the Chairman:

Q. A small enough flock for the wife to look after?—A. Yes.

By Mr. Caldwell:

Q. You are not taking into account the damage they do to crops and so on? —A. No if it is a large flock it should be confined.

By Mr. Hammell:

Q. Have you any faith in this determining the sex before the eggs are set?—A. That is a technical question I could not answer. Now, on page 4.

The CHAIRMAN: That will be exhibit 54.

EXHIBIT NO. 54

MILK PRODUCTION COSTS ON 25 OXFORD COUNTY FARMS

For Year Ending May 1923

	Cost per 100 lbs. milk	
Purchased feed	0·131*	
Hired labour and miscellaneous cash	0·143	
Cash cost of pasture land (taxes, etc.)	0·050	
Depreciation on cows, buildings and equipment	0·105	
Total cash costs		0·429
Farm grown feed	0·940*	
Use of farm horses	0·025	
Use of farm equipment	0·029	
Total costs that are sales of farm products and services		0·994
Farmer's labour at 22 cents		0·300
Interest on investment on cows, buildings and equipment and pasture land at 5 p.c		0·201
Total gross cost per 100 pounds		1·924
Less credits (calves and manure)		0·143
Net cost of production	Per cwt.	1·78

*Good pasture conditions of summer and fall of 1922 reduced both these amounts.

The WITNESS: Yes. These are milk production costs on our 25 Oxford County farms, brought up to date. These are from representative dairy farms on which we keep cost accounts similar to those from which the figures for Dufferin County were derived.

Now, we have there the dairy business presented in a form that gives you an idea of the real economics of the dairy business. I have not presented everything in quite exactly the same form as the one dealing with the farm crops; I have made a better segregation of the different kinds of costs. It is presented here on the basis of the cost of 100 pounds of milk at the farm. The first ones are the cash costs. The first four items of expense are the actual cash costs in producing milk, those costs that the farmer must dig down in his pocket to meet direct. There is the purchase of seed, there is hired labour and miscellaneous cash expenses, the cash cost of farm land, then repairs to fences and taxes on pasture land.

By Mr. Sales:

Q. This is based on a per hundred weight of milk?—A. Yes, it is the direct cash cost on the depreciation of cows and equipment used. These total 42$\frac{9}{10}$ cents per 100 pounds. The next item is the elements of cost that arise out of the farm. The first is the farm grown feed fed to the cows, as distinguished from the purchased feed, which is the first item. These next few words are part of that title note that is out on the side, and you can strike that out.

By the Chairman:

Q. We will strike that out?—A. Yes. That is the biggest single item in the cost of the production of milk, it is 94 cents per 100 pounds. There is the use of farm horses in the odd miscellaneous work, where you can use horses in connection with producing milk, 2$\frac{1}{2}$ cents, and there is the use of farm equipment, 2$\frac{9}{10}$ cents. Those are total costs on farm products and services, 99 cents; then the next item is farmer's labour at 22 cents an hour, which is 30 cents. Then there is interest on the farmer's investment in cows, buildings, equipment, and pasture land.

By Mr. Munro:

Q. What value did you place on the land?—A. That land was worth roughly, $100 an acre; it varied all the way from $85 to $125 an acre; that was the actual value of the land at the time in Oxford County. These items are totalled to $1.92 per 100 pounds, and then there is revenue in addition to the milk derived from cows, that is the valves and manure, which works out at 14 cents per 100 pounds. I might say that the cows on these farms averaged 6,680 pounds of milk per year. This is milk produced for all kinds of trade, cheese factories, condenser, and the fluid milk trade, most of which went to Toronto.

By Mr. Sales:

Q. Could you not give us any idea of the prices received?—A. The prices received during the year would average about $1.73 on these farms. In addition to this, there is the cost of marketing. This is the cost right at the farm. There will be another expense for the hauling of milk to the market, whatever it is, running around 20 cents a 100 pounds.

By Mr. McKay:

Q. To be added to this?—A. Yes.

By Mr. Sales:

Q. Then that would make it $1.98 per 100 pounds?—A. Yes, delivered at the point at which the farmer would get paid.

Q. And the price he got—A. I will get that. It averaged $1.70.

By Mr. Caldwell:

Q. That is delivered at the point where it costs 20 cents to get it delivered?—A. I had better be certain of that cost. The average cost of marketing in 1920 was 21 cents. It would be reduced, I suppose, possibly 15 per cent from that, which would bring it to about 18 cents.

By Mr. Sales:

Q. So on each hundred weight of milk the loss would be—?—A. It would be 26 cents.

Q. That is not much better than our wheat business, Mr. Chairman.

The WITNESS: That last, Mr. Sales, is equivalent to the interest cost, to the interest charge. You will notice there it is 20 cents per 100 pounds.

By the Chairman:

Q. Of course, of the cost of production, more than half, or just about half the cost goes out to feed grown on the farm, and the use of horses and equipment which are on the farm?—A. Yes.

By Mr. Caldwell:

Q. That item is mostly for farm equipment.—A. It is not the use of horses for anything like sowing pasture land, or anything like that, but the use of horses for hauling calves to town, or something of that kind.

By Mr. Munro:

Q. Is that depreciation on the cows not very small, at five per cent?—A. I have not any figures on the depreciation at five per cent. As we treated this, generally speaking, there is no depreciation in the man's herd, except in years when prices are falling. He raises enough heifers to keep up his herd.

By the Chairman:

Q. Of course, you have credited something for the calves?—A. Yes, that is for calves sold.

Q. That is to say, you say the natural increase of the herd will offset the depreciation?—A. Yes, and oftentimes more than offset the appreciation in the event of a farmer raising some odd heifers more than he needs, and he will sell them at two or three years of age.

Q. To sum up, the cost of marketing is one of the costs that has to be taken into consideration?—A. Yes.

Q. That cost of marketing was how much on the seventeen farms?—A. $1.96.

Q. And on an average prices obtained were what?—A. $1.70. That loss is a little more than the interest.

By Mr. Sales:

Q. Then we arrive at this, Professor, to sum it up, as our Chairman says, that if a man was fortunate enough to have a farm left him free of rent and was content to work at 22 cents per hour, he could just about break even?—A. Yes, under present conditions.

By the Chairman:

Q. Is that just a fair way of putting it, Professor Leitch? What about the income that he would get from the farm grown feed—A. He would get whatever profits he may have made in growing it, at these farm market prices.

Q. I mean to say, in Mr. Sales' case, if a man has inherited his farm, he would do a little better than get his wages, would he not, on your figures?—A. Under present circumstances, that is about all he would get, because he is really entitled to the farm market price for his home grown feed, as if he had elected to sell it. Then, if a number of dairy farmers had elected to sell their feed at the same time, it would have depressed the price of course, of these crops, and the farm market price would have been lowered.

By Mr. Sales:

Q. He could not go and sell that produce, if by doing so he would allow the farm to deteriorate?—A. No. Then, if he went out of the dairy business, he would not earn that 22 cents per hour for about 1,000 hours per year.

By Mr. Caldwell:

Q. But he would have to buy commercial fertilizer?—A. Yes.

Q. I am interested and disappointed, because our Department of Agriculture told us last fall, when we wanted to assist our potato growers, that if we had been growing stock instead of potatoes we would have been rich. We almost believed it, too, so I am rather disappointed because I believed there was more money in stock than in potatoes.—A. Well, you must remember of course that milk prices are deflating a little faster than milk production.

By the Chairman:

Q. What is that?—A. Milk prices are. This does not tell you over a term of years.

Mr. CALDWELL: There is another thing; we do not have a market for our milk. We have no cheese factories or creameries, we have to make it into butter on the farm.

WITNESS: Unfortunately in our cost investigations we haven't many creamery patrons, that is, men who are separating the cream and sending it to the factory.

Mr. CALDWELL: We have nothing of that. We have to make the butter on the farm. That might well put us in a worse position.

By Mr. Elliott:

Q. Those twenty-five Oxford farms that were investigated, were they a good average, or were they above the average?—A. A good fair average, selected out of 400 farms for that purpose.

Q. What would be the record of those cows, on the average?—A. 6,680 pounds a year.

By Mr. Caldwell:

Q. They were very good cows?—A. Yes; they represented the average cow. The farmers were among the class of men who send milk to cheese factories, condensers and that ship milk in fluid form.

By Mr. Munro:

Q. If those men had been making their milk into butter, they would not have made so much money, the cash returns from the milk would not have been so great, they would have had to skim the milk for feed, and they would not have got anything like that price.

By Mr. Milne:

Q. Did you find farms where they got very much more milk than that?—A. There were some with an average of more than 8,000 pounds.

Q. Some of the witnesses here said that 6,000 was considered to be good.—A. Yes.

Q. According to your statement the farmers in Ontario averaged better than 6,000?—A. Just in this particular section, where they have developed the dairy business more than in any other part of Canada, the best on the continent as a matter of fact.

By the Chairman:

Q. What is the favoured type of cattle there?—A. The Holstein.

By Mr. Elliott:

Q. In view of these figures, can you make any recommendations as to where this situation could be improved, or this deficit be turned into a profit?—A. Well, these men have a pretty creditable class of cows; that is evident from the figures of their production, but while this deflation is going on, and as long as milk deflation proceeds faster than the costs it is hard to make a general recommendation.

By Mr. Caldwell:

Q. Would you say the condition this year is abnormal?—A. Yes, because up to 1922 the costs of milk production in this same area usually showed that the cost per pound was equal to the selling price, on this basis.

Q. Would that hold true of all products at that time?—A. Yes, but this was right up to May, 1921.

By Mr. Sales:

Q. I see you give the cost at the top; Purchase of Feed, 13 cents per pound; what was that feed?—A. Bran, shorts, cottonseed meal, oil cake, and so forth.

Q. Can you tell us what you paid for bran and shorts?—A. In carload lots from thirty to thirty-two. I could not give you offhand the oil cake prices.

Q. Bran and shorts is what I am interested in.—A. Those are the two important things.

By Mr. McKay:

Q. What effect does the oleomargarine trade have, in your opinion?—A. I do not know that we sell enough in this country for it to have any appreciable effect as yet.

By Mr. Sales:

Q. According to that you are paying the same price for bran and shorts in Ontario as Dr. Cumming quoted for Nova Scotia; he quoted $32 a ton.—A. $30 to $32 is the most recent price. They have not paid that all through the winter; they got them as low as $20.

Q. I am going to interest you by showing that when some of our millers put up such a plea for the grinding of grain in Canada so that the farmer might have the benefit of the bran and shorts they were not giving the whole story as to bran and shorts, that they were exporting a lot of bran and shorts at lower prices?—A. I think I had proved that before you came in.

A MEMBER: It is the same with everything.

Mr. SALES: Why don't you tell us the whole story, Mr. Chairman?

The CHAIRMAN: We endeavour to encourage the producers.

Mr. CALDWELL: In everything but potatoes, sir.

Mr. SALES: I find that during the war, even when we were supposed to be using all the stuff at home we possibly could use, that in 1918—this will interest you, Mr. Hammell—$5,394,130 worth of bran and shorts were exported.

Mr. HAMMELL: I heard of it.

Mr. SALES: And that $5,194,829 worth went to the United States. I find that during last year, 1922, 954,616 hundredweights valued at $1,103,889——

The CHAIRMAN: Went to the United States?

Mr. SALES: To the United States, yes. 854,829 hundredweights went to the United States, and the value works out at $1.12 per hundred.

Mr. ELLIOTT: That is, per hundred pounds?

Mr. SALES: Yes, or $22.40 per ton.

Mr. HAMMELL: What year was that, Mr. Sales?

Mr. SALES: That was last year, 1922. I have this figure also for the eleven months ending with February, 1923; 1,766,516 hundredweights, of a value of $1,981,307, and I think I have it worked out. I will tell you how much went to the States. Of that amount 1,576,714 hundredweights went to the United States in eleven months ending this Februaray. Now, this is a very much lower cost than the farmers in this country are buying it for, and I think, Mr. Chairman, that we should know the reason why.

The CHAIRMAN: Is that the Fort William price?

Mr. SALES: I cannot tell you that. This is Exports of Canadian Products, taken from the Bureau of Statistics. I will find out the value of it.

The CHAIRMAN: That would make a difference, of course.

Mr. SALES: Would it not be at the port of export?

The CHAIRMAN: Suppose it was shipped south from Fort William in lake carriers and went to United States points. I suppose it would be valued at the point of export, where it left Canada or where it left destined for the United

States. It might have been several dollars a ton less than it would have sold for when it was carried to the east, the difference being the freight rates. I do not think we should have a final conclusion upon that point until we have it explained by Dr. Cumming.

Mr. SALES: Western points, such as Calgary, Saskatoon, Moose Jaw and Edmonton, where the mills are actually situated, the bran and shorts are higher there than these quotations. Does that appeal to you?

The CHAIRMAN: Yes, it appeals to me that they are liable to a charge of charging their own people more than they charged to people across the line.

Mr. SALES: That is the point I was trying to make.

PROF. CUMMING: There was a question in one of my inquiries before I came here, in respect of this matter. Our dairy farmers' greatest grievance is that they cannot buy less than a car of bran and middlings, that they have to take a certain proportion of flour. I think that has been the case generally.

Mr. CALDWELL: In the past year?

PROF. CUMMING: Yes, this past year. I am asked that everywhere I go It is possible that it may be unfair dealing with our dairy farmers.

The CHAIRMAN: I think it demands further investigation. Have you investigated this situation, Professor Leitch?

Prof. LEITCH: No, sir, not along that line.

The CHAIRMAN: Can you throw any light upon it at all?

Prof. LEITCH: I might say it was possible to buy bran in Western Ontario last fall, October and November, for $20 and $21 a ton from the large mills.

The CHAIRMAN: From the large mills or from the small local mills?

Prof. LEITCH: Either way.

Mr. ELLIOTT: That price only obtained for a certain length of time?

Prof. LEITCH: For about six weeks, then it commenced to climb up.

The CHAIRMAN: I should like to refer to the evidence of Mr. C. B. Watts, Secretary of the Dominion Millers' Association, given before this Committee on Thursday, March 22nd, 1923, at page 316 of the proceedings:—

> "Q. I find at Edmonton, for instance, that the Robin Hood is quoted at $6.90 a barrel, at Winnipeg Roses at $6.95, and at Montreal First Patent $7.10, that is a difference of 15 cents between Winnipeg and Montreal. Apparently there would be more advantage in having those milling industries located in our western country. At Edmonton bran is $24.00, and shorts $26.00. What are they in Ontario?—A. You would have them there.
>
> "Q. Bran is $24.00 and shorts $26.00 at Edmonton?—A. Where you get flour prices you get bran and short prices at the same time. I do not know what the dates are or anything like that. I do not know about the big mills at all. I am not a member of the Association. They could give you information which I cannot give at all.
>
> *By Mr. Elliott:*
>
> "Q. Do you not know what shorts are selling for in Ontario?—A. Bran and shorts at the present time were offered on Monday at $32.00 for bran and $33.00 for shorts delivered by the carload, but those were western shorts. The Ontario mills have none."

We will investigate that further, but not with this witness; he says he cannot throw any light upon it.

Q. Will you go on to the next point, page 5, which will be Exhibit No. 55.

(Page 5 of statement, headed "Cost of Cheese Factory Milk" marked *Exhibit No. 55.)*

EXHIBIT NO. 55

COST OF CHEESE FACTORY MILK

4,500-lb. Cows

	Cost per 100 lbs. milk	
Purchased feed	0·102	
Hired labour and miscellaneous cash	0·150	
Cash cost of pasture land	0·054	
Depreciation in cows, buildings and equipment	0·135	
Total cash cost		0·441
Farm grown feed	0·770	
Use of farm horses	0·017	
Use of equipment	0·020	
Total cost contributed by farm		0·807
Farm and family labour at 20c		0·244
Interest on cows, buildings, equipment and pasture land		0·112
Total gross cost		1·604
Less credits (manure and calves)	0·151	
Whey	0·090	
		0·241
Net cost of production ..... Per cwt. $		1·36

Q. Now take the cost of cheese factory milk.—A. This is for the past year, that is, the year just ended. These figures I do not want you to accept as absolutely accurate, because they are to a large extent made up from what knowledge we had of the amount of feed and the amount of labour necessary in the production of cheese factory milk, the cows averaging about 4,500 pounds of milk, but having a lot of information on the value of cows in the cheese factory districts, the value of land in those districts and the labour used, we were able to put present day valuations upon them, and they are reported to you under the same method as the figures in the previous exhibit. The annual cost per cow in cheese factory districts is much lower than the cost of keeping and maintaining a milk cow in districts where they keep them the year round. Most of our cheese factory milk is produced from the latter part of March until the middle of November, a period of seven or seven and a half months. The cows are usually dried up and remain dry on a maintenance ration during the winter.

By Mr. Elliott:

Q. Does that include the cost of maintaining the cow during her entire period?—A. Yes, the entire year. Among dairymen who produce milk the year round, since the yield is lower, it makes a difference. In the cheese factory districts it is practically the same as the cash cost of milk; in districts where they produce milk the year round, practically 43 in one case and 44 in another, although the costs per cow are less, the yield per cow is less, and the division of the 4,500 into the cost per cow makes the cost per hundred pounds for cash; the total cash cost is 44 cents, and in the case of the other dairymen who produce the year round it is 42 cents, but it is in the farm grown feed, and a big saving is made in the interest on the investment. These cows are fed usually a little silage, hay and straw; no grain in the winter time, consequently the cost per cow is very low.

Without going into details, we have the same items of expense as we have in the other. The item of expense here is $1.36 per hundred.

By the Chairman:

Q. I notice you give the farm labourer 22 cents an hour for milk production?—A. Yes.

Q. The milk produced to be sent to the cities?—A. Yes.

Q. You only give the farm family labour 20 cents when producing milk for the cheese factories?—A. There are two reasons for that. Labour among the men who have developed the dairy business to the extent that they are producing the year round is more efficient and better labour. Then there is another reason; family labour in cheese factory districts is a larger proportion of the total cost of farm and family labour than it is in districts where milk is produced the year round; the women and children do a larger amount of the milking in the cheese factory districts than in the districts where they produce the year round and it is considered a man's job.

Q. It only happens that way?—A. No, a large part of this milk is produced in the busy season, in the summer, and every effort is made to have the women and children milk the cows in the busy season, and that is a larger percentage than it is in the winter season. That is the reason for that slight reduction.

There is also a credit for whey. From a hundred pounds of milk sent to a cheese factory there is roughly 90 pounds of whey sent back to the farm.

Q. How much?—A. 90 pounds. They make a little less than 9 pounds of cheese; practically all the rest of it goes back to the farm. There is a little wastage, of course.

Q. You figure up the net cost of production of this type of milk at $1.36 per hundred?—A. Yes.

Q. Did you estimate what the average price realized was?—A. That varied considerably; in Eastern Ontario, over the whole of Eastern Ontario, where it is largely summer cheese production, the average would be about $1.26 per hundred pounds. In Western Ontario, where they take advantage of the winter price, where they take advantage of the higher price, it would be probably 8 or 9 cents per hundred pounds higher.

The CHAIRMAN: Are there any further questions upon that phase of the question, gentlemen? If not, we will ask Professor Leitch to go on to pages 6 and 7, which we will mark as Exhibit No. 56.

EXHIBIT No. 56

PORK PRODUCTION, 1920-21-22

6,438 lbs. live weight per farm sold at $15.70 per cwt.

A. Receipts from hogs per farm		$ 1,026 53
B. Cash and depreciation expenses—		
Feed purchased	$ 65 67	
Chopping and service fees	13 25	
Hired labour	27.80	
Miscellaneous cash	2.57	
Use of buildings	21.43	
Depreciation in inventory	242.38	
		$ 373.10
Left for farm feed, farmer's labour and interest		$ 653.43
C. Value of farm grown feed	$ 581 07	
Value farmer's labour, horses and equipment	107.62	
Interest on hogs, hog buildings, horses and equipment	37.69	
		$ 726.38
Loss per farm		$ 72.95

All of which loss is accounted for by deflation of inventory. In the present year ending April, 1923 the hog business of same character as above would assume the following outcome.

Receipts from hogs, 6,438 lbs. at $10.25			$ 659.89
Feed purchased	$ 39.55		
Chopping	9.50		
Service fees and miscellaneous	5.15		
Hired labour	22.24		
Use of buildings	21.43		
Depreciation in inventory			
			95.87
Left for farm grown feed, labour and interest			$ 564.02
Value of farm grown feed	$ 444.86		
Value farmer's labour, horses, equipment	97.60		
Interest on investment	27.66		
			570.12
Probable loss per farm			$ 6.10

which means a return of 4 per cent on investment instead of 5 per cent as charged.

A. Page 6 deals with pork production during the year ending May, 1921, and on page 7 you will find the same business brought down to the present year, the year ending at the present time.

Q. The year ending when?—A. The year ending May of this year. I am assuming that there will be no change in hog prices during the rest of this month.

By Mr. Sales:

Q. How many hogs were fed?—A. You will see at the top, 6,438 lbs. live weight, roughly 30 to 32 hogs actually sold. The loss was greater in 1920-21. In that year there was an enormous deflation in the price, from 24 cents per pound or $24 per hundred pounds at the price pigs were selling at in May 1920, down to slightly under 15 cents in May, 1921. Some of those hogs were marketed at these high prices, then marketed in the early part of the year.

Mr. SALES: Is that included in the average price?—A. Yes; $15.70 was the average price received.

By the Chairman:

Q. Depreciation in Inventory; you are charging against that year's operations a fall in prices from the year before?—A. Yes.

Q. May I ask this question: if you had not taken that into account, how would the year's operations have turned out?—A. A profit of $170.

Q. Is that a fair profit on the turnover?—A. Yes, it would have been a reasonably good profit.

Q. In normal days and in normal times, when you would not have had that depreciation, from your investigation would you say that the raising of hogs pays?—A. Yes. Hogs always have paid. It is a profitable part of the industry, as part of the farming operations, as long as it remains a part of the farming business and a man's efforts are not too largely devoted to producing hogs, when he runs the risk of the big hog business.

By Mr. Sales:

Q. His safety lies in not having all his eggs in one basket?—A. Yes.

Q. You will find men who stay with hogs from year to year?—A. Yes.

Q. Some years high, some years low?—A. Yes.

Q. But on the whole, it is profitable business?—A. Yes. That has been the history of fifty years in this Province. Occasionally there have been losses.

MR. CALDWELL: In New Brunswick it has been the most profitable business on the farm; during the last year or two in fact it has been about the only thing that has paid.

WITNESS: If there are no further questions as to page 6, I will present the expenses in the same way as I did in the milk business, feed purchased, chopping, service fees, interest and so forth. That class of business continued this year would turn out as you find it on page 7, where the average price received will be about $10.25 per hundred pounds, quite a large reduction in the total income from hogs, nearly $375 per farm. But the costs have come down, although not so fast as the selling price.

By Mr. Caldwell:

Q. How many head of cattle does that represent?—A. I am dealing with page 7; that is the hog business brought down to date, without this big deflation.

Q. What was the average number of hogs per farm?—A. 32 hogs per farm sold. There were quite a number below 200 sold during the year, but there were a few sows and large pigs sold, and it actually averaged about 32.

By the Chairman:

Q. Or about 200 pounds?—A. Yes.

By Mr. Sales:

Q. The larger bring less per hundred pounds?—A. Yes.

Q. You have not allowed much for labour, hired labour, for attending to the 32 hogs?—A. That is the actual amount of labour devoted to them.

Q. They had their farms equipped so as to reduce labour costs?—A. They usually had fairly good hog buildings.

By Mr. Caldwell:

Q. That is, where they do not make it a specialty, where it is a side line, they do it when they are resting for meals, when the hired man is up or before he gets up in the morning?—A. Yes.

By Mr. Milne:

Q. How do you arrive at the work?—A. We keep an account of the actual amount of work done, an hour, two hours or four hours; if they spend two hours in one day it is down there, and if it is even fifteen minutes it is there. This is an actual record of every hour and every half hour of labour on the farm.

By the Chairman:

Q. What do you charge per hour?—A. It depends upon how it works out, and it depends upon the farm. We have a labour ledger account, and on the debit side there is the cash paid out for hired labour, then there will be the value of board furnished the labourer, then any actual cash paid out to members of the family as actual labour, and whatever we arrive at as a figure for the farmer himself, from $700 to $1,500 a year, depending upon the farm. On the other side we will have 1,400 hours to cattle, 250 to barley, 150 for looking after horses; it will reach about 5,000 or 6,000 hours per farm, and we divide that into the cost of labour.

Q. How does it work out on the average, on those farms?—A. In Oxford and Dufferin, for May, 1921, it was around 26 cents in both counties.

By Mr. Sales:

Q. You say it varies from $700 to $1,500 for the farmer himself?—A. Yes.

Q. Do you set that yourself?—A. The man directly in charge of this work, knowing the man after an acquaintance with him for a year arrives at that figure, after consultation with that man as to what his labour is worth a year.

Q. You figure that one man is worth twice as much as another?—A. Yes.

Q. I am only getting at the method?—A. That is right.

Q. How does the average man take it; suppose you say that I am worth $1,500 as compared with Mr. Hammell here at $700?

Mr. HAMMELL: We will reverse that. Do not compare Tom Sales with me.

WITNESS: We will not state it quite so baldly as that with the farmer.

Mr. SALES: You would be more diplomatic than to do that.

By the Chairman:

Q. I presume the man who establishes the worth of the various farmers has held personal interviews in every case?—A. Yes.

Q. They are not interviewed together?—A. No, sir.

The CHAIRMAN: Have we finished with hogs, Mr. Sales?

Mr. SALES: Yes, Mr. Chairman, I think so.

The CHAIRMAN: We will now go on to page 8 of this statement, which will be Exhibit No. 57.

(Page 8 of statement, headed "Cost of Beef in Year Ending, May, 1922", marked *Exhibit No. 57*).

EXHIBIT No. 57

COST BEEF IN YEAR ENDING MAY, 1923

Total revenue			$ 1,431 00
Purchased feed	$ 26 90		
Cash expenses, hired labour, etc	134 40		
Depreciation in inventory	212 06		
Use of buildings	107 00		
			480 36
Remaining for home grown feed, farm labour and interest		$	950 64
Value home grown feed			948 51
Left for farmer's labour and interest			2 13
Value farmer's labour	288 90		
Interest	226 26		
		$	515 16
Net loss per farm		$	513 03

Farmers met further deflation and received all cash and depreciation expenses and
A. 100 per cent of market value of farm grown feed with nothing for labour and interest or
B. 5 per cent interest on investment and 60 per cent of market value of feed and 15 cents per hour for labour

WITNESS: This brings up the beef cattle business, upon which I gave evidence the last time I was here, down to the present day. This is the result of present day conditions on these same Dufferin County farms which I mentioned in connection with these crops, and with the beef business at my last appearance here. You will notice that there was a loss, if I remember right, of $900 per farm, which is reduced now to $500 per farm. There is still a large amount of deflation going on in beef cattle herds, in values, and there is still lacking any spread for the farmer to work on in the feeding of his cattle. You will notice there that the costs are given of this beef in price on these farms in a similar manner as the hogs. That is the total receipts for about 12,000 pounds of beef per year at slightly over seven cents, and the milk hides and calves and all the extra revenue that came out of it bring it up to $1,431 a farm.

Out of that has to be met first of all the cash expenses; purchased feed $26.90.

Cash expenses of all kinds including hired labour, $134.40.

There is still deflation going on in the value of the working herd, and the use of buildings, practically the same figure as before.

Depreciation in inventory $212.06.

Use of buildings, $107.

So that there is $480 cash expenses to be met in the beef business before the farmer has anything for his feed, labour or interest. That leaves him $950.64 to meet those items with. Now the value of his feed was practically equal to what he had left for feed, labour and interest. That is the value of the home grown feed was $948.51.

That only left $2.13 to pay him for his labour and meet the interest on his investment in the beef cattle. That is $2.13 left after paying for the home grown feed. Then those two items on the farmer's labour, and the interest amount to $515. So that there is a loss to the farmer of $513.

Now I have a note at the bottom there: "Farmer's met further deflation and received all cash and depreciation expenses of either:—

A. 100 per cent of market value of farm grown feed, with nothing for labour and interest; or:

B. 5 per cent interest on investment and 60 per cent of market value of feed, and 15 cents per hour for his labour."

By the Chairman:

Q. Or you might have another choice. You might say five per cent interest on the investment, nothing for the market value of the feed, and something more for labour?—A. Yes, there are lots of choices.

Q. And still the price of beef was not very high to the consumer in the city, Mr. Leitch?—A. No.

Now you can see what will happen even under present prices for beef. There were roughly 12,000 pounds of beef per farm, live weight produced. If deflation of the working herd would stop, or as soon as it does stop, the farmer will save that $212.

Then if he ever gets a chance to get 1½ cents or 2 cents a pound spread on his capital from the time they are inventoried, that is bought, until they are sold, that will amount to $180 to $240. Say it is $200. Then $212 deflation or depreciation, if that ever stops, will give a man something for his labour and something for interest, but neither the full amount that is needed.

Q. I do not see that there is any allowance in your method of figuring for manure?—A. No, not in this kind of figuring; the farmer has the manure in addition. It is figured on the farm itself. Where we figure on 100 pounds of the commodity we give credit for the manure.

By Mr. Sales:

Q. There seems to be one advantage, Professor: the farmer is never out of a job.—A. No, and it is pretty hard for him to lose that job.

Q. He will never belong to the ranks of the unemployed?—A. No.

The CHAIRMAN: And he is his own master in the sense that he is not ordered to do something by someone else. He is forced by circumstances to do things, but we are all in that condition.

Mr. SALES: I know men who have been ordered to sell their products.

The CHAIRMAN: That is not because they were farmers, but because they were in debt. What is that verse that I have repeated so often:

"The borrower is ever servant unto the lender."

Q. Now we will pass to the next Exhibit, 58.

EXHIBIT No. 58

COST OF PRODUCING APPLES

The following table shows an analysis of the cost of producing and marketing apples per acre and per barrel; also the man, horse and equipment hours required per acre on five farms for the year 1921. The average cost of production per barrel was $3.11. The average price received per barrel was $4.36 showing a profit of $1.26 per barrel. Considering then the revenue that was added to the farm through the apple business, as pointed out in the previous page, the orchards on those farms returned a very fair profit in 1921. The total number of acres of orchard on these five farms was 89·82 and the average yield per acre was 38·54 barrels.

COST OF PRODUCING AND MARKETING APPLES ON FIVE FARMS IN 1921

Items of Expense	Total Cost	Cost per acre	Cost per barrel	Total hours of labour	Hours per acre
	$ cts.	$ cts.	$		
Spray material	518 96	5 78	0·1502		
Other cash costs of spraying	23 25	0 26	0·0067		
Comm. fertilizer	50 50	0 56	0·0146		
Manure charge	586 24	6 55	0·1696		
Dept. in Spec. Equip.	65 55	0 73	0·0190		
Small equip. and general repairs	22 74	0 25	0·0066		
Cost of cover crop	40 96	0 46	0·0118		
Containers	3,280 98	36 53	0·9492		
Spec. labour picking	526 90	5 86	0·1524	1,227	13·66
Hired man labour	518 68	5 78	1· 501	1,382	15·39
Oper. and family labour	1,769 14	19 70	0·5118	5,302	59·03
Horse labour	702 62	7 82	0·2033	2,958	32·93
Use of equipment	279 38	3 11	0·0808	2,958	32·93
" Tractor	297 30	3 31	0· 860	255	2·84
" Land	736 98	8 20	0·2132		
" buildings	112 10	1 25	0·0324		
Interest at 5 per cent	1,606 88	17 89	0·4649		
Marketing expenses	71 99	0 80	0·0208		
Total cost	11,211 15		3·2434		
Less credits (culls, small fruits and misc.)	471 10		0·1363		
Net cost	10,740 05	124 82	3·1071		

A. Exhibit 58 presents the cost of producing apples in Durham County, on five farms that have 89 or nearly 90 acres of bearing orchard on the whole five farms, an average of about 18 acres per farm. The average yield per acre was 38.54 barrels.

All the the items of expense are shown; also the total cost, the cost per acre, and the cost per barrel; making $3.10 a barrel.

Q. Were you here this morning?—A. Yes, I heard Professor Cumming say it cost about $2 a barrel in Nova Scotia.

Q. And you remember me reading from a report, a brief presented by the New Brunswick fruit growers, in which they say it is $2 a barrel. Of course it may be that everything was not figured out with the same meticulous care shown by yourself.—A. Possibly, but it is undoubtedly the case that they produce apples cheaper than we do.

Mr. CUMMING: May I make an explanation, Mr. Chairman?

The CHAIRMAN: Yes.

Mr. CUMMING: First of all we average 60 barrels per acre versus the Ontario 38. Secondly, our barrels cost 44 cents less.

Mr. LEITCH: Are you giving last year's figures?

Mr. CUMMING: For 1922.

Mr. LEITCH: This is for the crop year of 1921. A comparatively low yield for that district of 38 barrels. It is not a fair comparison, one year with another. The only real value of this table for present day conditions is that the items of expense per acre give you an idea, since a lot of those do not vary very much.

Mr. CALDWELL: Your commercial fertilizer would be higher in 1921 than in 1922?—A. Yes, I know from further investigation down on these same farms that they had a yield considerably over that so that if their cost per acre did not go up much it would show a cost per barrel considerably less that that.

By the Chairman:

Q. Would the cost there approximate with New Brunswick?—A. Yes, they claim somewhere around 48.49 barrels per acre. Unless the cost of picking and packing went up the cost would come down to somewhere about $2.

By Mr. Sales:

Q. Do you agree with Professor Cumming as to fertilizers, containers and all the things used in the production, being free of sales tax?—A. I think so. In view of the situation of agriculture I would say that it is putting a rather undue burden on an important industry.

Q. And would you think that should apply to twine, binders, wagons, and other things which we all have to use?—A. You want my personal opinion?

Q. Yes, I would like your personal opinion. The country is in a desperate plight and we want to find a remedy.—A. I think the sales tax should be taken off all the instruments of production in our basic industries.

By Mr. McKay:

Q. But every man thinks his is a basic industry. What is basic?—A. I mean agriculture, lumbering and mining.

By Mr. Chairman:

Q. And fishing?—A. If I were living in the Maritimes, I would say fishing.

Q. There are four, lumbering, mining, agriculture and fishing.

Mr. CALDWELL: I presume, Mr. Chairman, it would not be fair to extend that question to Mr. Leitch, to include the tariff.

The CHAIRMAN: There is no reason why we should not have the advantage of his views.

By Mr. Caldwell:

Q. Would you care to give us your opinion on the tariff on the tools of production? Do not answer unless you like.

Mr. SALES: Do not put the professor in danger of losing his position.

Q. I don't think there is much danger of that for anything I may say here, because my own views on the tariff are pretty well known amongst those for whom I work.

Mr. CALDWELL: I think the evidence we have had will pretty well settle that question.

The CHAIRMAN: We will be glad to have his views.

Mr. CALDWELL: If he cares to give them. We do not want to urge him.

A. The biggest burden under which agriculture is labouring to-day—I said last week, was freight rates, but I did not intend to mention the tariff—is the duty on the implements and machinery of production. Now I do not believe

that industries that do not normally and naturally belong to a country should be bonused by the public, and make the industries that are natural and normal to the country pay that bonus. Those are in brief my views on the tariff.

By Mr. Caldwell:

Q. Especially when the industries natural and normal to the country are not in a paying condition?—A. They are not in a paying condition, and they are the industries that must compete in the markets of the world.

By the Chairman:

Q. We will turn to the next page which we will call Exhibit 59.—A. This gives you the hours of man labour and hours of horse labour on the different crops in the two different areas on which we have figures of the cost of production; and also the man labour on the different classes of livestock in the two different areas.

EXHIBIT No. 59

MAN AND HORSE LABOUR PER ACRE

Crop	Dufferin Hours per Acre		Oxford Hours per Acre	
	Man	Horse	Man	Horse
Oats	12·32	14·98	16·30	16·91
Mixed grain	11·48	13·87	15·58	14·92
Barley	17·75	25·08	.....	.....
Fall wheat	.....	.....	22·67	29·05
Spring wheat	16·80	21·72	.....	.....
Silage corn	49·76	48·38	38·80	48·94
Roots	102·24	66·50	104·75	69·91
Potatoes	88·86	70·46	.....	.....

Q. Then let us call the first table Exhibit 59 and the second table Exhibit 60; both on page 10. Taking up Exhibit 59 first, what makes it more expensive

EXHIBIT No. 60

MAN LABOUR ON LIVE STOCK

Horses	Dufferin	120·3 hours per horse.
	Oxford	130·9 hours per horse.
Cows	Dufferin	79·4 hours per cow.
	Oxford	155·9 hours per cow.
Hogs	Dufferin	12·2 hours per 200 live wt. produced.
	Oxford	9·1 hours per 200 live wt. produced.
Hens	Dufferin	289·5 hours per 100 hens.
	Oxford	267·8 hours per 100 hens.

for man and horse to raise oats in Dufferin than in Oxford county?—A. In Oxford than in Dufferin. Oxford is higher. That is on account of the heavier soil and the larger average crop yield.

Q. Of course it may not cost more to raise a bushel?—A. No.

Q. But it takes more money to work an acre?—A. Yes.

Q. The acre in Oxford might produce considerably more than the acre in Dufferin?—A. Yes.

Q. Now in silage corn, I see Dufferin hours per acre 49·76; that is man. Then horse, 48·38 hours per acre. And Oxford, per acre, man, 38·80; and horse, 48·94. The horse work is practically the same in both and the man work considerably more in Dufferin. Has Dufferin dirtier land, more weeds in it?—A. No, the silo has been in use in Oxford county generally for a large

number of years, and the farmers generally are doing all their cultivation and work with two-horse machines.

Q. Cultivating two rows instead of one?—A. Yes, and in Dufferin county, since the silo is just becoming general now, they have not the same skill in handling the crop, and they devote more man labour, they do a little more hoeing and more scuffling with a one-horse cultivator.

By Mr. Hammell:

Q. Perhaps they do not cross it?—A. No, they do not plant in regular hills. They find they can keep it almost equally clean and get a little higher tonnage by planting it in drills. In the hill corn they get more maturity of the corn, better maturity of the ears; but they get sufficient maturity in Oxford in drills and so they do in Dufferin.

Q. It is easier to harvest?—A. Yes, you can cut it more easily with the binder.

By Mr. Forrester:

Q. Corn is essentially a sun crop?—A. Yes.

Q. And the hill therefore is better?—A. Yes, in all districts where they grow corn for the grain they invariably plant it in hills. But when they grow it for silage they plant it in drills.

Q. Is there not a great difference in the value of the ton between the hill and the row?—A. No, not if they get sufficient maturity for silage purposes in the drill.

The CHAIRMAN: But if they are growing it for the grain, then it is different? —A. Yes, then it is planted in hills. In neither of these districts will corn mature for grain purposes every year, but in both districts it will mature sufficiently for good silage.

By Mr. Sales:

Q. Man labour to produce a 200 pound hog in Dufferin was 12.2, and 9.1 in Oxford. How do you account for that?—A. The Oxford County farmer is a little better hog man and he gets them up to 200 pounds weight a month or five weeks earlier, and some of those farms had considerable milk and that shoved them along.

By the Chairman:

Q. What race of men are the farmers in Oxford?—A. South of the Thames River there are I suppose Englishmen predominating, and north of the Thames, Scotch.

Mr. HAMMELL: I might also say that south of the river is the poorer part of the county.

By the Chairman:

Q. Apparently it takes longer to look after the Dufferin hens than the Oxford hens. What is the reason?—A. The difference is very slight. It is 289.5 hours per 100 hens in one case and 267 in the other. The flocks were a little larger in Oxford County, that makes the difference.

By Mr. Sales:

Q. When you get into the cows it turns around?—A. Oxford is a dairy district and the dairy cow requires more attention.

Q. And in Dufferin do they let the calves suck the cows?—A. Some of them do, and some milk their cows and separate the milk and ship the cream.

By Mr. Elliott:

Q. I have a question back on pages 4 and 5 with regard to milk production. Exhibits 54 and 55. I noticed on one occasion that the cost of producing milk per 100 pounds is $1.70. That is where the dairy business is carried on during the whole year?—A. Yes.

Q. In the other case it is $1.36 where the summer months alone are used. What is there in these two statements to induce people to milk cows the year round when it can be produced cheaper during the summer months and there is more profit in it as well?—A. But it does not bring him in as many dollars per year.

Q. Yes but he does not want to work for nothing.—A. No, but take this item of farm and family labour; in the one case there is 24 cents a hundred pounds coming in to the farmer for 4,500 pounds of milk. That is something around $11 a cow. In the other case there is 30 cents an hour coming in for 6,600 pounds of milk; $20 a cow. There is the opportunity for a man making $9 more by using labour that he would have no market for during the winter months. That is just one item.

By Mr. Sales:

Q. Are you intending to carry on this work, sir?—A. Yes, we set out with a definite programme to investigate every common type of farming in Ontario.

Q. I think the best move you could make, Professor, would be to communicate with all the other agricultural colleges in the Dominion and try to get a uniform system established in every province of the Dominion.—A. The other provinces, except British Columbia, have not really made any attenmpt along this line. British Columbia is following our original plan; they are just making general investigations of farming; but this class of work is detailed cost-accounts on selected farm to represent typical farms for that particular type of farming.

Q. Don't you think it would be good for the county representatives, as they call them in the States, to carry on this work?—A. No, the county representatives with their other activities cannot do this work. It requires a specially trained man. We have now 80 farms under cost accounting in the province, including four different types of farms, and it takes a staff of six men to carry that on.

Q. What is the cost then of carrying on this work?—A. About $16,000 a year. That is without allocating any part of my salary to it.

Q. What is the effect on these farmers when they find what the result of their work is, that they have been working at a loss? When it dawns on them, does it induce them to change their methods?—A. They knew they were working at a loss before we had these figures out. We probably confirmed some of their notes.

Q. You point out where their loss occurs?—A. Yes.

Q. What is the effect?—A. We find some men, as you would naturally expect, will not make any change. They will co-operate with you and give you all the help you want, but it does not have any effect on them. Then you have the opposite to that; there are men who study these things, and try to see where their own farms are weak as compared with the average farms or best farms, and see where they can cut down their cost.

Q. But you think the general effect is good?—A. Oh, yes, undoubtedly. I might say that one effect of our work in the county of Oxford, where we have been working now for about four years, was to improve the cattle. The thing that came out most strongly in our first year's investigation, which was very roughly conducted, was that the greatest need in that dairy district was better bulls, better stock, and the result was that two years ago the breeders of pure

bred cattle and the dairymen of Oxford put on a campaign of their own and with their own resources to eradicate the scrub bull.

By Mr. Caldwell:

Q. Have they accomplished it?—A. They have not got rid of them all, but they have done well. They have displaced hundreds of bulls.

By Mr. Sales:

Q. Have you got them to agree to community of breeding?—A. In the county itself there are a lot of good breeders of Holsteins, and since the farmers in Ontario have been reasonably independent they would rather own their own bulls. And the bulls have been put at their disposal by these breeders that raise them at reasonable prices, as their contribution to the cost.

Q. You would be willing, I presume, Professor, if this Committee could persuade the other Provinces to take up cost accounting, to place your experience at their disposal?—A. Oh, undoubtedly. We have offered that to every Province, to give them any help that it is possible to give them.

Q. You have already offered that?—A. Yes, we have offered any Province, at any time they are ready to take it up, to give them all the help we can.

We also are turning considerable of our effort towards the investigation of marketing products, along the lines I mentioned this afternoon, to find out what happens to our products from the time they leave the farm.

Q. And you have nothing of that kind to submit?—A. The only one we have approaching completion—it is not really completed yet—because we were not able to get the exact cost of the cheese exporters from Montreal—was the cheese of Ontario; but we have all the costs of the manufacture and marketing of cheese apart from that.

We started three weeks ago to investigate the conditions and the costs of the distribution of milk in Ontario, and we have been able to get the co-operation of the dairies. That is they have agreed to give us access to their books.

Q. Will you have these records finished by say three weeks from now?—A. Oh, no; we will have some dairies finished so that we can give you some figures, but the whole study will not be complete.

Q. We shall be dealing with what the producer receives and the consumer pays the week after next, if you have anything completed by that time?—A. Yes, I will be glad to send it to you. Then we have also started two men on the investigation of the marketing of apples. I do not know what success we will have. It will be a year's job. I do not know what success we are going to have in getting the confidence of the men who handle the apples, so that we may have access to their books.

Q. Do you intend to pursue this also with meats?—A. Yes, we are starting with the easy things first.

Q. Will the abattoirs give you the same permission?—A. I hope so.

By Mr. Gardiner:

Q. One thing comes to my mind, you say there is a limit to farming on a big scale; you have to keep the hands down to a certain number. Why would not that work out in other industries?—A. You mean in industries other than farming?

Q. Yes. For instance, in going through the Province I cannot help but be impressed with the number of small sawmills standing idle that were formerly busily employed. That work is now done by very large plants. What is the explanation of that?—A. There is a real reason for it. In businesses other than farming, the larger the business the lower the cost of producing the goods, up to a certain point. That is true in every business, but that point is reached in

farming long before it is in other businesses. The reason is that you cannot hire for money the care and the service that the average farmer and his family render for themselves. If it were possible to take half a township in Ontario and combine it into one big farm, there is not a man in this world with brains enough to run it.

Q. We have heard before this Committee of a small miller who looked after his business himself, and could produce feed cheaper than the large commercial mill.—A. The present condition of the milling industry in Ontario will not bear that out.

By Mr. Forrester:

Q. Can you raise corn year after year on the same land?—A. No.

Q. I have raised corn five or six years in succession.—A. You could on very good land, but when you said year after year, I thought you meant continuing for twenty-five years or so.

Q. Five or six years, and the land was in better shape than when we started and the crop was as good.—A. Well, that is not true generally of farm crops.

Q. We used lots of manure and fed the corn to cattle.—A. You could do it perhaps under those conditions, but those are the only conditions under which you could and still maintain the fertility.

The CHAIRMAN: If there are no further questions, I wish on behalf of the Committee to express to you our gratitude for your attendance here and our high appreciation of the interesting and illuminating evidence you have given. (Applause.)

Mr. CALDWELL: Mr. Chairman, if I might I would like to recall Dr. Cumming for a minute or two.

MELVILLE CUMMING, recalled.

By Mr. Caldwell:

Q. On page 273 I asked Mr. Watts this question: "Was there not a time within the last five years that in order for the farmers to get bran and shorts in Eastern Canada they had to take so much flour. They had to overstock with flour in order to get the bran and shorts they needed.—A. That was the very unfortunate position. You realize of course that you cannot get bran and shorts without making flour. Now, we have to get rid of our flour, or else we have to stop grinding. We are willing to get rid of our flour on an export basis at a very low cost." I do not know that Mr. Watts told us that, but the whole trend of his answer was that that was a condition but is not to-day.—A. I will answer it by a specific instance. At the annual meeting of the Nova Scotia Dairymen's Association, held in Truro in the third week of January this year, my farm superintendent was talking on the feeding of dairy cattle, and he introduced the question of feed, bran and middlings. The manager of the Farmers' Co-operative Society at River Denny interrupted him and said: "Mr. Trueman, I would judge from what you have said that you can buy straight cars of bran and middlings, which we cannot." And he continued to ask Mr. Trueman how it was possible for us to buy straight cars, when he could not. That is a verification of the statement that at least the Farmers' Co-operative companies in our country have during the present year not been able to buy straight cars of bran and middlings. The reason why we are is that we are always in the market.

Q. The other would have to take a certain amount of flour with the bran and shorts?—A. Yes, flour that they are not in position to market and use.

That is regarded as one of the serious situations among the dairy farmers of Nova Scotia existing this year.

The CHAIRMAN: We have to consider what witnesses we will call next week. Mr. Gardiner, you are the Chairman of that Committee. I would like to consider the suggestions that have been made to me. Messrs. Bevington; Tom King, who was in the Press Gallery here and who has been in Washington for some time. I am told that he has a lot of valuable information to give. He has written Mr. Maclean saying he is quite willing to come, and I would like to summon him to give us some first-hand information as to the methods in the States. Then should we summon Mr. Sydney Anderson, who, I understand, knows a good deal of the conditions in the States. He was Chairman of the Joint Commission of the Senate. Should we ask him to come?

Mr. GARDINER: I think so.

The CHAIRMAN: Then there is Mr. Gagne, who is a professor at Ste. Anne de la Pocatière. Now who else should we have? There is a Mr. Prouty.

Mr. HAMMELL: Mr. A. G. Farrow, 15 Queen's Park, Toronto, Chairman of the Agricultural Development Board.

The CHAIRMAN: I was given the name of a gentleman from Manitoba, Mr. John Arnott. I forget who gave me this. He is President of the Federated Rural Credits Board of Manitoba. There was also a gentleman named Fowler, who is Secretary of the Rural Credits Board. I really think the secretary would be the best man, because the secretary is naturally the man who carries on the correspondence, and is at the head of everything, and perhaps might be the better man. I do not know the man personally. I have met Mr. Fowler and had a long conversation with him last fall, and he seemed to be in very close touch with the work.

Mr. MILNE: I do not know any of these gentlemen, but I think the Government of Manitoba would be in a position to get the men.

Mr. MCKAY: A report was brought in to the Manitoba Government on rural credits, and they named two men, Mr. W. C. Jackman, and Mr. Fowler, head of the branch of Rural Economics. They were two men selected to bring in a report on the operation or working of rural credits in Manitoba.

The CHAIRMAN: Dr. Jackman is quite willing to come and testify before us on certain subjects which we discussed in our correspondence. After stating he would be glad to come and speak on rural credits, he wrote me again saying that his report was under discussion at the present time, and he deemed it unadvisable to speak, as his report had been criticized.

Mr. MCKAY: It was under discussion by the local legislature.

The CHAIRMAN: It was a subject of discussion and dispute. I wrote back and told him I did not wish to press him, but I wanted to have him here to deal with certain other aspects, such as what the farmer gets for his products and what he has to pay as a consumer for his goods, and I think marketing was another matter which I think he said he would be willing to testify on. I asked him if he would be willing to come, and I would not ask him to speak on rural credits, unless after discussing the matter with me he felt it wise to do so. I think I should ask him to come.

Mr. GARDINER: I think in the event of him coming anyway that he could discuss the rural credit question outside of Manitoba, that is, the general principles.

The CHAIRMAN: If he has any real objections to it while he is here, we can question him on other things. I told him in my letter that even if that report

was under discussion I did not think we should be deprived of the value of that information. I think I will ask him to come next week. Now, someone gave me this man's name, Mr. Arnott. It may have been Mr. Hudson. I am not sure.

Mr. CALDWELL: The man I spoke of is Secretary of the Farm Loans Board, which is separate from the Rural Credits.

The CHAIRMAN: We will ask both, if you like.

Mr. GARDINER: I think Mr. Chairman, you will find you have two different systems there, the Farm Loans Board and the Rural Credits.

The CHAIRMAN: We had better have one from each. Mr. John Arnott, Federated Rural Credit Board, Manitoba, and Mr. Fowler.

Mr. CALDWELL: Mr. Fowler is Secretary of the Farm Loans Board.

The CHAIRMAN: Those gentlemen who are at a distance, it seems to me I had better wire to-morrow. Someone gave me his name and said he knew a great deal about this matter.

The Chairman advised the Committee that Mr. N. G. Guthrie, barrister and solicitor of this city, had brought to his attention a letter written by him to Mr. L. A. W. Doherty, in which he complained of certain inaccuracies which he stated had appeared in his evidence taken on Thursday, March 15th, 1923. The Chairman reported that he had carefully gone over Mr. Doherty's evidence with this gentleman's letter, and had replied to him to the effect that certain of his objections were not, in the Chairman's opinion, well founded, but that certain of them gave ground for asking that certain changes be made. The Chairman then read to the Committee the following extracts from his letter to Mr. Doherty: " I admit that your evidence on the question of cattle on page 163 has not been well taken and that you have reasonable cause for complaint in the way your answer has been taken down. The question and answer as appearing on page 163 are as follows:—

By Mr. Sales:

"Q. Cattle?—A. We are not cattle carriers. Two years ago when we were in the Liverpool service we had some cattle on our ships, and we had a very sad experience and lost a lot of money. Since that on our London service, cattle is not being carried to London, and we have not been in the cattle service."

' You say that the latter part of your answer should be amended to read as follows:—'

" Since then we have operated this service to London only and cattle have not been carried to London. We have not been in the cattle business."

' I will be glad to have an entry made in the minutes at the earliest possible date, making this correction, although I think that if the context is read, your answer is fairly clear.'

' As regards the question by Mr. Caldwell, which reads as follows in the report:

" How did you make your loss on cattle carried?—A. This way: a broker would come to us and say ' we have 200 or 300 head of cattle for Liverpool ' and we would say ' we do not know that we want to take cattle, because of the expense of fitting up; it costs so much money; we have to place ventilators in and prepare spaces, and if it is for one voyage it does not pay us.' "

' You state that there should be added to that answer words to this effect: " cattle exporters when negotiating would always have the impression that business was looking better, that we could count for further shipments in order to justify for the cost of fitting, but after carrying out the first shipment no

further business was offered and due to the fact that fittings were put up for one shipment only was a cause of our loss on several occasions on which we carried cattle to Liverpool"'.

'My own recollection of what you said in this connection is similar to yours and I will deal with this question as I said I would do with the next preceding one.

'I also agree with you that the latter part of your answer to the next question but one, namely, "yours was a temporary service at that time.—A. Yes. Now you can take a chance, but there is no more business there.", should be changed by striking out the words after "yes".'

'I quite agree with you that these words were an interjection by Mr. Caldwell. The Chairman further stated that apart from these changes he considered the report of the evidence of Mr. Doherty on the whole satisfactory from a reporting point of view and that he had taken the trouble to proof read himself all the stenographer's notes before they went to the printer after the afternoon on which the other steam boat agents and Mr. Doherty were heard.'

The Committee adjourned until Thursday, April 12, at 10 o'clock a.m.

HOUSE OF COMMONS,
COMMITTEE ROOM No. 268,
THURSDAY, April 12, 1923

The Special Committee appointed to inquire into Agricultural conditions throughout Canada, met at 11 a.m., Mr. McMaster, the Chairman, presiding.

BOWER HENRY, called, sworn and examined.

By the Chairman:

Q. You are connected with a dairy for the distribution of milk?—A. Yes.

Q. What is the name of it?—A. Producer's Dairy.

Q. Where does it have its principal place of business?—A. At 275 Kent Street, Ottawa.

Q. Does it do business in any other city?—A. No.

Q. What are you paying the farmers for milk at this time?—A. $2.10 a hundred.

Q. Do the farmers pay the carriage of the milk to Ottawa out of that $2.10?—A. The ones that ship the milk on trains pay the freight. A great proportion of our milk is hauled in by our own teams. It is hauled here.

Q. That is to say, part of your milk comes from the surrounding parts of Ottawa and your own teams call for it at the farmers' establishments and bring it into the city?—A. Yes.

Q. And others come in by the train?—A. Yes.

Q. And the farmers pay the freight in?—A. We draw it from the station free.

By Mr. McKay:

Q. Do you pay the same price in both cases?—A. Yes.

Q. At $2.10 per hundred, how much does that work out per quart?—A. We go by gallons; it goes by decimals, when it comes by the hundred weight. I

will give it to you exactly. It is 21·65; 21 cents plus 65 per gallon. That is $2.10 a hundred. There is a fraction over 10 pounds in a gallon of milk and it is 21·65 per gallon.

Q. I suppose you sell it by the quart?—A. We sell it by the quart, but you can easily get that, of course. We always buy by the hundred or by the gallon, and we keep our books and accounts by the gallon. We never talk about quarts.

By Mr. Hammell:

Q. It is about 5½ cents per quart?—A. Yes.

By the Chairman:

Q. That is what you are paying to the farmer?—A. Yes.

Q. What do you get from the consumer?—A. We retail that at 10 cents a quart.

Q. Let us get that right. What do you say that amounts to per quart that you have to pay to the farmer?—A. 21·65 per gallon, or 5½, or some fraction.

Q. You are not quite fair to yourself, Mr. Henry. You are paying 5·4125. You are really paying just over 5 4-10 cents per quart to the farmer?—A. Yes.

Q. You are getting from the consumer how much?—A. Well, on our average sale we charge 10 cents, that is, roughly. Our average sale shows in the two months January and February, of this year, 39 plus 28. That is taking the wholesale with the retail.

Q. Tell us what you get?—A. We get 39·28. That is what we get.

Q. Per hundred?—A. Per gallon.

Q. Reduce that to quarts, please. That is what you get, just over 9·8 cents per quart?—A. That is about right.

Q. The bulk of these sales are what? Wholesale or retail?—A. The bulk of our sales are retail.

Q. You charge the retail consumer 10 cents?—A. Yes.

Q. Then you sell some wholesale and charge a little less?—A. The price wholesale is 9 cents, that is by the bottle, and in the can 8½ cents.

Q. The difference between 9·8 which you get from the consumer, and 5·4 which you pay to the producer is not all clear profit by any means?—A. Is not which?

Q. Is not all clear profit?—A. Well, no.

Q. Please establish to us now what charges have to be taken care of in this spread, and what is left for profit?—A. Well, I will give it to you as near as I can. We always have a certain amount of shrinkage from the time it comes in until it is bottled, breaking bottles, you understand. Our spread in January and February showed us a spread of 17·63 per gallon, that is after taking care of shrinkage, but when you pasteurize milk and put it through your machinery to bottle it, you always have a certain amount of shrinkage. Our net spread showed 17·63 per gallon.

Q. Reduce that to quarts.

By the Chairman:

Q. Will you just say that again, Mr Henry?—A. After we have taken care of our shrinkage that is in the plant from the time it is weighed in at the scale, bottled and gotten out for sale or to be sold we have a spread of 17·63.

By Mr. McKay:

Q. Per gallon?—A. Yes.

By the Chairman:

Q. Which is how much?—A. Four and something.

Q. About 4·4?—A. That is about 4 4/10 of a cent.

Mr. CALDWELL: Nearly 4½ cents.

By the Chairman:

Q. That is your spread?—A. That is our spread.

Q. You have paid to the farmer 5 4/10?—A. Yes.

Q. And you have got a spread of 4 4/10?—A. We will get our shrinkage there though.

Q. That makes 9 8/10; what is that spread composed of?

By Mr. McKay:

Q. You have to work on a margin of 4·4, and you have to take your shrinkage out of that?—A. We have to take everything out of that. It is the distributing, I will go ahead with that. Here is the way I figure my own business. We figure on the cost of hauling from the farmer at the station. We have to take care of our business on that amount of money, 17·63. It costs us from a cent and a half to two cents per gallon for lifting the farmer's milk from the door, that is, taking motor trucks and wagons from the farmer's yard and from the station.

Q. It is about a half a cent a gallon?—A. About half a cent a gallon; sometimes it runs a little higher than these figures.

By the Chairman:

Q. Tell us what you put into that cent and a half?—A. The drawing of the milk from the farmer's yard to the dairy. We go as far as 14 miles out of Ottawa with our waggons and trucks. I have a farm myself out here a little piece. We change our horses on the long haul; we take one team out about seven miles, and each team makes two trips. We draw the milk out of the farmer's yard. All he has to do is to put his milk into clean cans and put it on our truck in his yard. The farmer who lives farther out has to take his milk to the station, load it on a train and send it into the city. We provide trucks or teams as the case may be, from the station to our plant.

By Mr. Sales:

Q. Who pays the freight?—A. The farmer pays that. While the farmer gets a little less for the milk, it takes about double the capital to handle the milk in the cans than it does to handle the milk we take care of ourselves. We provide three sets of cans free. The life of a can is just about half the length on a train than it is on our own trucks or wagons.

Q. That means rough handling by the railways?—A. Yes. A can lasts hardly half the time on a railroad. For the man carrying six cans of milk on the railway we provide 19 cans, six going and six coming, six at home, and a spare can. Our farmers are provided with one spare can. If a farmer ships 20 cans, he gets 21 cans.

By Mr. Caldwell:

Q. You take out a load of empties?—A. We take out a load of empties and bring in a load of fulls; that takes two sets, but on the train it takes three sets.

Q. What is the average life of a can?—A. We figure that it costs $1.00 a year for repairs on every can on the railway.

Q. Does that cover depreciation?—A. Yes.

Q. To keep them renewed?—A. They get depreciated besides that. They go out in two or three years.

By Mr. Milne:

Q. $1 a year would not cover your cans?—A. No, sir.

By the Chairman:

Q. Now, Mr. Henry, you have told us part of what is covered by that cent and a half per gallon; is there something else?—A. There is the upkeep of the trucks, the depreciation of wagons and trucks, and the wages of the men who drive those teams.

By Mr. Caldwell:

Q. Let me ask one question, before we get away from it. How many gallons will your cans average a year?—A. A can holds 8 gallons, and a shipping can will fetch 8 gallons into your creamery every day. If we have only two sets of cans they will average four cans a day.

Q. All your cans will average four a day?—A. On the train they will only average one-third, which will be less than three gallons.

By the Chairman:

Q. What do you allow for your depreciation on the equipment used in transporting your milk?—A. We figure low. We depreciate 15 per cent on all movables.

Q. That is hardly enough for your cans, is it?—A. No, it is not; it is a low depreciation charge.

By Mr. Caldwell:

Q. That is on your wagons?—A. We take that on everything, all movable goods.

Mr. CALDWELL: To my mind it all depends upon the valuation he puts upon his equipment. It depends upon the valuation entirely.

By the Chairman:

Q. You put the things in your books, what you value them at?—A. Yes, sir.

Q. If you buy a horse for $200?—A. Yes, sir.

Q. What do you pay for a horse now?—A. Our horses cost us about $225 each.

By Mr. Sales:

Q. Do you have to have very good horses?—A. Fairly good.

By Mr. Caldwell:

Q. You charge 15 per cent for depreciation on that horse. Suppose you work him for twenty years, at the end of fifteen years he is not worth very much, but you still charge depreciation at 15 per cent upon that $2.25 horse?—A. I do not think we will see very many of them around at fifteen years.

Q. I think 15 per cent is low.—A. It is.

Q. As a valuation?—A. Yes.

Q. You have to get seven years out of a horse before it will pay for itself?—A. Yes.

Q. Your trucks pulling the milk in will not last seven years on the road?—A. No, sir.

Q. You have to do considerable repairing on your wagons?—A. Our repair bill is as big as our depreciation, every time.

Mr. MILNE: The farmers are only allowed to depreciate their stuff 15 per cent for the purposes of their income tax returns.

Mr. HAMMELL: There is a great difference between that and farm machinery. Farm machinery is used only periodically, while this man's machinery is used every day in the year.

The CHAIRMAN: A horse will last longer on a farm than it will on the streets of a city.

By the Chairman:

Q. How long do your horses last, as a rule, Mr. Henry?—A. Our business has only been in operation four years. Mr. Bingham is present; he has been in business 23 years, and can give you a better idea of that than I can. I think to-day we have two-thirds. Of the few horses we have working to-day, one horse we started with is out. They are not altogether out, I keep trading my horses; as they get a little worn I trade them with a farmer; they are a little slow on their feet. Then I get a fresh horse.

Q. That will add a little profit to the business, the trading of horses?—A. If I am a good trader .

Q. We have dealt with the 7½; that covers the cost of taking the milk from the station in Ottawa to your establishment?—A. Yes.

Q. Also of gathering the milk in the country?—A. So that we will not make any mistake, I have it from one and a half to two cents. While I say that, there are times in the year when it costs us more than that. Taking it the year round, it takes us about $1.75 per gallon; that is what I have here, and that covers, to sum up, the cost of taking the milk from the station, the milk that comes in from the train.

Q. The milk that comes in from the station to your establishment?—A. Yes, sir.

Q. Also the cost of gathering the milk from the farmers who are comparatively near by, to your establishment?—A. Yes.

Q. Also the expenditure for upkeep of cans, trucks, sleighs, horses, harness, etc., in connection with that work?—A. It does on this basis at present; whether it is high enough or not, that is what we allow.

Q. All right. What is the next item?—A. We have the hauling, the distributing, the bottling, the plant expenses, distributing it on the street.

Q. Let us take them in their logical sequence. We have the milk in your establishment now?—A. Yes, sir.

Q. What do you do with it next?—A. Pasteurize it.

Q. Will you go on to the cost of pasteurizing?—A. I have not gone into that detail. I did not prepare that fully. When you called me I did not intend to come in so soon. I have only got it in the rough. The real cost of pasteurizing includes a great deal of figuring.

Q. If you have lumped your pasteurization, let us have it?—A. I have lumped the pasteurizing and distributing of both cream and milk, because we ran our cream business along with our milk, as one business. Sweet cream is sold as table cream and whipping cream, and along with our milk we figure it in as one business. Our books are kept as if it was one business. When I am giving you this spread, it is taken for both our milk and cream business. I am giving you this on our last two months' business 15 plus 21, it costs us to pasteurize, bottle it and sell the milk and take care of the depreciation of our plant.

Q. That is, per gallon?—A. Yes, 15·21.

Q. Per quart that would be about 3⅘ cents?—A. Yes, sir.

Q. What does that 3⅘ cents per quart cover?—A. That 3⅘ cents per quart covers expenses in connection with handling our milk from the time of

taking it in at the door until it is sold and we have the returns from it. What we have left is our profit or loss on our spread.

Q. Tell me, what do your bottles cost you?—A. Our depreciation on bottles last year I think was about three-quarters of a cent per gallon. It cost us that last year. I think I have that. Bottle loss, about three-quarters of a cent per gallon sold. For every gallon of milk we sell, we have three-fourths of a cent loss in bottles. That is we take care of our bottles by writing off all the bottles we buy in the year.

By the Chairman:

Q. You make it really a current expense and not an item of capital expenditure?—A. Yes, sir.

Q. What is the life of a milk bottle?—A. The life is not very long. We could figure that back I suppose, but we have not got it.

By Mr. Sales:

Q. How many bottles have you?—A. That is a hard question to answer, to know just how many we own to-day. We have the bottles in the plant and on the waggons, but we don't know how many the customers have in their houses. In the month of May we get back a carload of bottles that maybe the people have kept preserves in all winter. So we don't know how many bottles we own; all we know is what it costs us in a year.

By Mr. Caldwell:

Q. Do you not have any check on the customers?—A. No, you cannot go into a customer's cellar. But we pay a commission to our drivers. They are paid by a commission on the business they do, and we pay them on the empty bottles returned. If a man takes out a hundred quarts of milk and only returns bottles for 90 quarts, he only gets 90 cents for selling, but if he fetches back 100 he gets a dollar. In that way we have cut our depreciation in bottles something like $2,700 under the year before in our little business. That is our saving in bottles from one year to the other. Before that we paid on the full number of bottles sold and the driver had nothing more than his conscience to answer whether he picked up a bottle he saw on the street.

By the Chairman:

Q. He had no material incentive?—A. No. we find that to-day we get our bottles back a great deal better.

By Mr. McKay:

Q. Have you bad debts?—A. Yes, we do, but not a great deal. We sell practically for cash.

By Mr. Sales:

Q. This bottle proposition strikes me as very expensive. You cut down the loss by $2,700?—A. Yes. But I am only managing this business last year and I have not got our whole loss. I know our bottle loss last year was $2,000 and something less than the year before.

Q. Can you tell us what it was the year before?—A. It would be a little more, but last year our actual loss on bottles was three-fourths of a cent for every gallon of milk we sold. That is we would pay almost a cent for every gallon of milk sold.

Q. Then there is considerable money invested in these bottles that must go into the 15·21?—A. No.

By the Chairman:

Q. No, they do not do that. You explained that you regard the bottles just the same as the hay and oats for the horses?—A. Yes, they are gone; wiped out.

Q. You charge it against the operating cost?—A. Yes.

Mr. SALES: But he starts with a thousand and if he loses two hundred in a year he charges that up. What about the interest on the investment in the thousand?

The CHAIRMAN: He follows a most conservative and, I think, wise system of book-keeping by charging this not to capital but as a current expense. I think that is very sound. Just the same as I charge stationery in my law office as a current expense, although I have a certain amount on hand; I do not charge the office with any interest on capital; it is not regarded as a capital investment in plant; it is regarded as something that has to be replaced so often that it can be considered a current expense.

Mr. SALES: But in the first year, buying the first large quantity of bottles and cans and charging it to current expense, that shows a loss. If you start that way the system is correct, but not unless.

Mr. GARDINER: There is the necessity in the business for a large number of bottles in the first year and if it is charged to a current expense in that year, it would show a tremendous loss.

By Mr. Hammell:

Q. There is no pronounced expansion in one year?—A. No, supposing our trade went up three or four hundred gallons, we don't figure on the bottles, we have to take care of that trade. Last year our loss in bottles was $7,700 and some odd. We just wiped that out as if it was hay and oats.

Q. You have told us your spread is 4.40?—A. Yes.

Q. The cost of getting it from the farmer was $1.75?—A. Yes.

Q. Pasteurization and distribution expenses 15·21?—A. Yes.

Q. The first one, the spread should have been 17·63. Figuring that out your expenses would be 3·91 per quart as compared with 4·40, leaving a balance of ·49 which would be your profit?—A. You are pretty close; in our audit we show ·87 profit.

By the Chairman:

Q. Not quite a cent a quart profit?—A. No, that is on the gallon. It is not quite a cent a gallon.

By Mr. Sales:

Q. How many gallons a day do you handle, Mr. Henry, on the average?—A. About 3200.

Q. That is $32 a day practically, all the year round.

By the Chairman:

Q. You deliver twice on Saturday and not on Sunday?—A. Yes, twice on Saturday.

By Mr. Sales:

Q. Is your capital invested in this by your shareholders?—A. Mainly by the farmers.

Q. How much capital have you—A. In the milk business $225,000.

Q. Why do you say in the milk business?—A. Because we run a butter business and an ice cream business as well and we keep the three apart.

Q. Still the shareholders' money is in the three?—A. Yes, it is in the whole thing, but we figure what we have invested in the milk business and we keep that by itself; also in the butter business by itself; and in the ice cream by itself.

Q. How much have you invested in the milk business then, did you say? —A. $225,000.

Q. And how much in the butter business?—A. I did not come prepared with the butter but I could have that. I did not think you were going to take the butter and ice cream into consideration. I could get it: I can tell you pretty close though. We charge our milk business with 60 per cent of our whole capital. 7½ per cent of the capital is in the butter business.

Q. That would be 32½ per cent invested in the ice cream business?—A. Yes, that is right. I did this myself after I took over the business, to run it, a year ago. I made this as near as I could, with a view to my own directors, to follow my three businesses by themselves, so that I knew what each was doing, and I put 60 per cent of our capital expenditure on our milk business, 7½ on the butter business and 32½ on the ice cream.

Q. What interest do you pay on the $225,000 invested by your shareholders in the milk business?—A. We are not paying any yet. We have not come to that point, to pay dividends.

Q. You must be accumulating a reserve then?—A. No, we showed a loss for the first three years in building up our business. We started out to get trade and we showed a loss.

Q. Still it amounts to $32 a day?—A. That is what we do to-day, but we showed a loss in the first three years. We did not show a loss for the whole of last year but we showed a loss for a great part of it. I am giving you these figures to-day on two months' business starting out this year. I can give you last year's pretty close.

By the Chairman:

Q. What makes for success in the milk distributing business? What is one of the prime necessities for success, apart from a good manager, which I am sure this company has?—A. Well, I suppose the amount of milk it sells.

Q. It has got to be large enough so that you are able to visit more than one or two houses on one street, is not that fundamental?—A. Yes.

Q. That being so how many wagons have you got?—A. 35.

Q. How many are distributing milk in Ottawa, as far as you know?—A. Well, Mr. Bingham's Ottawa Dairy and myself distribute the biggest part of it.

Q. How many have the Ottawa Dairy, about?—A. I would not like to say that. He will give you that when he comes. But I think he has around 80. I would say that I have 45 rigs around the town, looking after the milk, by the men fetching it in and putting it on the street but I have 35 rigs that don't do anything else but deliver milk. And those rigs carry my butter. I will make it as plain as I can why we said 7½ per cent it is for the simple reason that the butter is a side business to the milk, and we sell all our butter that we make, to our customers, from our milk wagons; as well as the milk they handle the butter from the milk wagons to our customers.

Q. Do you manufacture the butter in Ottawa?—A. Yes, right in the same plant.

Q. And I suppose all the cream that goes into that butter comes in in the form of cream?—A. Yes. The only milk that comes into Ottawa that is not served in our business is the table cream and whipping cream; that is sold to the householder because that has got to be No. 1 stuff, fresh every day, and we

always have enough of what we call overplus milk to supply our trade with cream.

Q. What is overplus milk?—A. What we call overplus milk is milk we get from the farmer over and above what takes care of our milk trade.

I will give you an idea of how it is handled in Ottawa. There is a great talk sometimes about what is done with overplus milk. In Ottawa, both of us, Mr. Bingham and myself, we strike an average for October, November and December. That is the three months that we take our average. If you are a milk producer you strike your average in those three months for what your milk market is for the rest of the year. For the simple reason that those are the three months that are the hardest to produce milk. You want just as much milk for those three months as any others, and as it is harder to put up milk in those months, there are farmers that will give you no milk at all in those months and come along and flood you in the other months. So we strike an average and say, If you give us fifty gallons in those three months, you will get your full price for fifty gallons for the rest of the year, and over and above what you put up we pay you the highest price, butter fat test, for anything over that.

By Mr. Sales:

Q. So you take all a man will produce in the summer time, but you pay him for fifty gallons, or whatever he brings in in those three months, the price then fixed?—A. Yes, we will fetch all he brings and supply him with cans, butter or ice cream.

By the Chairman:

Q. In other words you establish your supply on the basis of the lowest months of the year as far as supply is concerned?—A. Yes.

Q. Then you say to the farmer, I will take from you every month and pay you a contract price for the amount which you will undertake to give me in those three months in which the supply is scarce, and over and above that I will take everything you send but I do not undertake to pay you that high price for it, but I will give you the prevailing price for that milk established on a butter fat basis.—A. Yes, sir, that is right.

By Mr. Sales:

Q. May I suggest then, Mr. Chairman, that as we are dealing with the cost to the consumer I would certainly like to know a little about the butter business and the ice cream business, and to give Mr. Henry a chance to complete his figures.—A. Yes, I am quite willing to do that.

Q. And in about ten days from now we will be ready for you again. Ice cream is very interesting to the farmer who sells his milk and gets a very little bit of ice cream for ten cents.—A. I will be pleased to go into that. I am a farmer myself and our company is a Producers' Association, practically controlled and run by the farmers.

Q. We will not go into ice cream this morning, but I will be glad if you will come prepared to deal with it.—A. The way your letter read, it was the milk business entirely, and I went to some trouble to get the milk business by itself.

By the Chairman:

Q. We are glad to have had that, sir, because there are many places in the country, I would imagine, where the people do not manufacture ice cream. I doubt if the Guaranteed Pure Milk in Montreal manufacture ice cream, although one company does, so it is valuable to have these figures separately and we thank you for doing it. One further question, Mr. Henry, do you keep books of

account of the cost of milk production on your own farm?—A. I did, fairly well, as near as I could, but I would be ashamed to show them some of the time.

Q. Overcome that modesty and tell us your cost last year.—A. When I come back I will give you those figures. I will have to go home to my books for that.

Q. We thank you very much for your attendance, Mr. Henry, and you will come back some time when we call you, getting ready meantime the figures on butter and ice cream, and milk production on your own farm?—A. I will be pleased to do that.

ROBERT DUNCAN HUGHES, Called and Sworn.

By the Chairman:

Q. Mr. Hughes, you are the manager of a large dairy company in Toronto?—A. The General Manager.

Q. What is the name of the company?—A. The Farmers' Dairy Company.

Q. How many teams do you keep on the road?—A. We have 100 retail wagons and seven wholesale wagons.

Q. You deliver your milk in bottles I presume, to your retail trade?—A. Yes.

Q. And to your wholesale trade how do you deliver it?—A. In bottles and cans. In Toronto we have a compulsory pasteurization, by law, and all milk that is sold in Toronto has to be pasteurized and sold in bottles or sealed cans.

Q. So you have no choice in the matter?—A. No choice whatever.

Q. Will you tell us what you are paying the farmer at this time for milk?—A. We are paying $1.95 per eight-gallon can delivered at our dairies.

Q. That is to say the farmer pays the expense of bringing it to your door, out of that $1.95?—A. Yes.

Q. What does eight gallons weigh?—A. 82½ pounds.

Q. What are you getting from the consumer?—A. For our retail milk we sell 16 pint tickets for $1.

Q. You are buying in gallons?—A. Yes.

Q. Will you figure that out per gallon so that we will have a basis of comparison?—A. That is 50 cents per gallon.

Q. I will ask you to put it all on the same basis. $1.95 for an eight-gallon can is how much per gallon?—A. 24¾ cents.

Q. And you are getting from the consumer 50 cents per gallon?—A. Yes.

Q. A difference of just over 25 cents?—A. Yes.

Q. Tell us what portion of that difference of 25¼ cents is expense, how it is arrived at, and what proportion is profit? If you have calculated on any other basis you can give us the basis as you have it, and then we will make the calculation afterwards. If you have it calculated in gallons you might proceed in that way.—A. We carry all our business on a milk basis. That is the cream and milk we purchase is all reduced to a price per can of milk; and that milk is disposed of as cream, milk, butter, and buttermilk. I have some figures prepared here for last year and I will be glad to give you those.

Q. First, do they materially differ from the present time?—A. Practically the same. I might say, sir, that during the last three months of last year we paid the same price for milk as we are doing now.

Q. And higher in the previous nine months?—A. It was lower for four months and higher for the earlier months of the year.

By Mr. Sales:

Q. Before you start to do that, sir, I take it that you have a system of price fixing periods. That is October, November and December?—A. Yes. My

figures are all based on 1922. For January, February, March and April we paid $2.20 per eight gallon can. For May, June, July, August and September, $1.75 per can. For October, November and December $1.95.

Q. So you have three prices?—A. No, sir, the latter part of the winter of 1921 and 1922, was in 1922, and the early part of 1923 is included in 1922. Our period of fixing prices is practically from the 1st of May until the end of September and from the 1st of October until April 30th. Two periods.

By Mr. Milne:

Q. Do you pay for the eight gallon can irrespective of the butter fat?—A. Yes, irrespective of the fat. We don't buy our milk on a butter fat standard.

By the Chairman:

Q. Then the Holstein people will be selling a good deal of milk to you?—A. They are getting the benefit now, but our City standard requires a three and one-quarter per cent fat.

Mr. CALDWELL: Mr. Chairman, I rise to a question of privilege; I say that the Holstein cow has the record for butter fat.

Mr. SALES: Yes? And she should have for the most sky-blue milk I have ever seen in my life.

The CHAIRMAN: I call myself to order for having introduced extraneous matter.

Mr. HUGHES: For the year ending December 31st, 1922, we purchased milk and cream to the value of $1,224,988.55.

Now that value contains 605,186 cans of milk. That is milk and cream equal to that number of cans of milk. That costs an average of two dollars and two cents point four. ($2.02·4) per eight gallon can.

This was disposed of as milk, cream, butter, and buttermilk at $1,984,813-.62: or equal to $3·279 per can.

Our operating cost, including depreciation was $712,127.68 or $1.196 per can.

Leaving us a profit of 5·9 cents per can.

Q. Almost six cents per can?—A. Yes, I think myself that if the fraction was carried further out it would be nearer six cents per gallon can.

Q. That is just a little under one cent per gallon?—A. Yes.

Q. Were you present when Mr. Henry was giving his figures?—A. Yes.

Q. Your figures are not far off his. Mr. Henry's were ·89 cents per gallon.—A. If you make it six cents that would be practically three-fourths of a cent per gallon.

Mr. HENRY: My figure is ·87 cents.

The CHAIRMAN: Mr. Henry, in fairness to yourself, the mathematicians of this Committee seem to think that you think you are making a bigger profit than you really were.

Mr. HENRY: Well, that may be so.

Mr. HUGHES: In regard to our costs sir, they are made up as follows:—

Our delivery cost are 56·9 cents per can.
Our plant costs are 39·2 cents per can.
Our office costs are 16·1 cents per can.
And our depreciation is 7·4 cents per can.
Or a total of $1·196. That includes all expenses of every description.

By Mr. Caldwell:

Q. Are not your office expenses very high?—A. Well, that includes advertising as well.

By Mr. Sales:

Is it necessary to advertise the milk business?—A. Yes, we have to advertise very extensively.

Q. Why?—A. To get business.

Q. Who pays for it? The farmer and the consumer?—A. I would not say that sir.

Q. But you include it in your costs?—A. If we did not advertise, we would have so much more profit, because our not advertising would not make so much difference that we would be able to reduce the price of milk to the consumer.

Q. Do you think people drink any more milk because of the large amount of advertising you give them to read?—A. Yes, sir.

Q. You think it increases their appetite?—A. It increases the consumption of milk, not only that but it gets us new customers.

Q. Or is it that you wean the customer away from another dealer.

The CHAIRMAN: They don't want to wean their customers, they want to encourage them to drink milk.

Mr. HAMMELL: They advertise the possibilities of a pure and desirable food? And that has a tendency to make the people use more of it.

By the Chairman:

Q. What is the amount of advertising you do?—A. It is about 2·4 if I remember correctly, eight gallon can. I have not that figure here.

Q. That is more than your profit?—A. No, sir, we get 5·9 profit.

Q. Then it is about forty per cent of your profit?—A. Pretty near.

Q. And you thought it was good business or you would not have done it?—A. Absolutely sir. I might say this, that as a result of our advertising we put on approximately 200 cans of new business last year.

Mr. SALES: But that was taken from someone else?

Mr. HAMMELL: Not necessarily at all.

The CHAIRMAN: After all that enters into the big question of whether or not a large proportion of our advertising is an economic waste?

Mr. SALES: I think it is and I am trying to get his experience of it.

By Mr. Gardiner:

Q. Was that due to new customers or old customers taking more milk?—A. to both, sir. I would say roughly we would have 5,000 new customers last year.

By the Chairman:

Q. You added 5,000 customers and did you see any relationship between the increase of the business from your old customers and your advertising campaign?—A. Yes, in fact in quite a number of cases that I am personally acquainted with I know that they are using more milk right along.

Q. What was the nature of your advertising campaign?—A. Through our Toronto Newspapers.

Q. Yes, but were you advertising the good qualities of milk as a food? —A. The food values of milk right through.

Q. That was discussed, was it not, at a meeting of the National Dairymen's Association, held in Toronto, where a Doctor North spoke on it?—A. Yes, sir, that was, I would say, about four years ago.

Mr. HAMMELL: Yes, I remember seeing a good many of these advertisements; milk was compared to the various other foods we consume, and the food value was put in a shape the public could understand.

By the Chairman:

Q. Now, Mr. Hughes, we would like to take you, I think, through the details of your different elements of cost?—A. Yes, sir.

Q. What was the first one?—A. Delivery, sir.

Q. What do you charge up under that head, "Delivery"?—A. Of course, there was the feed for the horses, taking care of the horses, maintenance of harness, waggons, trucks, and the labour in connection with the stable; that would be about all, sir.

Q. When you buy a new wagon, do you charge that to capital, or do you charge it to this operating cost?—A. To capital account, a new wagon.

Q. That is delivery; do you not charge your milk bottles to delivery? —A. No, sir, we charge those to our plant.

Q. To the plant?—A. Yes, sir.

Q. Do you charge them to capital, or as a current expense?—A. A current expense.

Q. Have you any figures to tell us what the life of milk bottle is?—A. No, I have no exact figures, sir, but in 1921 we figured it out, and the life of our milk bottles then was about 20 trips..

Q. I have heard that somewhere. 20 trips. Now, do the breakages occur, does the loss occur through the carelessness of your drivers or the carelessness of the public?—A. I would say carelessness all around, sir.

Q. You would not apportion the blame more to one than another?—A. No, sir, because everybody seems to have an idea that a milk bottle does not cost anything.

Q. And of course, it is reflected in their milk bill at the end of the month, it is one of your substantial items of cost, is it not?—A. Yes, sir.

Q. You have to pay pretty heavily for your bottles, have you not?—A. Yes, sir, we pay roughly 7¼ cents for quarts and 5¼ cents for pints.

Q. Why do you say so many pints for a dollar; is it because the people in Toronto are more inclined to buy pints of milk than quarts?—A. They buy pints rather than quarts. The idea is this, they open a pint bottle and have it on the breakfast table and consume it, and when lunch time comes they have a fresh bottle.

Q. And no bother of washing jugs?—A. No sir.

Q. How many suppliers of bottles are there in Canada?—A. Two that I know of.

Q. What are they—A. The Dominion Glass Company.

Q. You buy direct from them?—A. Yes sir.

Q. And who else?—A. The Consumers Glass Company, in Montreal.

Q. Both in Montreal?—A. Both in Montreal.

Q. Do they send travellers to you?—A. No, sir, we have to send in our orders.

Q. And do you find they charge the same price?—A. Yes sir.

Q. Did you ever try to buy bottles in the United States?—A. Yes sir.

Q. How did you find the prices compared, before the duty was added? —A. The prices—now, I got some figures early last spring, and with the duty added the bottles would cost us about a cent more each.

Q. With the duty added?—A. Yes sir.

Q. That is, you say the Canadian price is just the American price plus the duty and less one cent per bottle?—A. That is about it, sir.

Q. Do you think there is any cause or connection between the two?—A. No, I do not.

Q. What is the amount of the duty?—A. I believe it is 27½ per cent. I would not like to go on record as to that, though.

By Mr. Caldwell:

Q. What would that be on a bottle, in the cost of the bottle?

Mr. HAMMELL: 1¾ cents, roughly.

The WITNESS: Yes, almost, on a quart bottle.

By Mr. Sales:

Q. You did not give us the cost of your delivery; you have that, I suppose?—A. Yes sir.

By the Chairman:

Q. Just before we get to delivery, Mr. Sales, I would like to ask another question. If you could import your bottles from the United States, what would they cost you?—A. With the duty added?

Q. No without the duty.—A. I think we would get them at about 6 cents.

Q. Instead of 7?—A. Instead of 7, yes.

Q. As a matter of fact, these bottles are not manufactured in Belgium or in Great Britain, are they?—A. No, sir.

Q. They are really a development of this continent?—A. Yes, sir.

Q. And they are made by very expensive machinery?—A. Yes, sir, and machinery that is patented, and no one else can use it.

Q. And I suppose the Dominion Glass Company and the Consumers Glass Company are licensees for Canada?—A. I believe so.

Q. Have you tried to get any quotations lately in the United States? —A. Not since last spring. I got a quotation then, but I could not get any promise of delivery.

Q. Your credit was good?—A. I presume so, sir.

Q. Do you know why you could not get any promise of delivery?—A. On account of the great scarcity of glass there. The milk bottle manufacturers were just simply sold out there, and as far as I can learn, there is practically —I should not say a combine—but practically a group of bottle manufacturers who work together.

By Mr. Caldwell:

Q. A gentleman's agreement, would you say?—A. Probably, yes.

By Mr. Sales:

Q. Working together on both sides of the line?—A. I do not think myself, at the present time, that there are any American bottles coming into Canada.

By the Chairman:

Q. They do not quote for Canadian business?—A. No, sir, and there is another difficulty about the American bottles, and that is the size. We have great difficulty in getting the imperial size made up by the American manufacturers.

By Mr. Sales:

Q. That is, their quart is smaller than our imperial quart?—A. Yes, and they do not seem to be able to make a proper mould to get an exact quart measure.

Q. When we read of a quart of milk in the United States, as compared with a quart of milk in Canada, what is the difference?—A. Practically 25 per cent. Our quart is 40 ounces and the United States quart is 32 ounces.

By the Chairman:

Q. On a quart of milk, Mr. Hughes, wastage of bottles contributes to what extent to the price?—A. On the volume, sir, the difference is practically nothing.

Q. Just explain that, will you, please?— A. If you will excuse me, I will do some figuring for a moment. Figuring the number of cans of milk we handled last year into quart bottles, and what we paid for bottles, it would be about ·02 cents a quart.

Q. That is a fifth of a cent, two-tenths of a cent?—A. Yes, sir.

Q. That is what it really costs to have milk delivered in bottles?—A. Yes, sir.

By Mr. Hammell:

Q. That was if it was all delivered in quart bottles?—A. If it were all delivered in quart bottles, but of course I am figuring that all these bottles have been lost or destroyed in the year.

By the Chairman:

Q. If the average life of a bottle is only 20 trips, they certainly will have been destroyed several times over in a year?—A. Yes, but I am figuring the amount of money it actually cost us last year for bottles. Of course, we would have some bottles left over, anyway.

Q. One-fifth of a cent a quart; you do not make one-fifth of a cent a quart profit, do you?—A. Yes, a little over, sir.

Q. What is it, in a quart?—A. In a quart it is practically three-quarters of a cent; excuse me, that is three-quarters of a cent a gallon.

Q. What is it a quart, three-quarters divided by four?—A. Yes; that is about 18/100.

Q. That is less than one-fifth?—A. Yes.

Q. Therefore, although you said it amounted to practically nothing, it amounts to more than your profit?—A. Yes, but I was speaking from the consumer's standpoint.

Q. Of course, we think of the producers as well as the consumers?—A. Yes, sir.

The CHAIRMAN: Any other questions, gentlemen?

Mr. SALES: Might we get the total cost of that delivered?—A. 56·9 cents.

By the Chairman:

Q. Have you any suggestions to make how you, without charging the consumers more, could afford to give more to the producer?—A. It is impossible under present conditions.

Q. I do not controvert that statement. From the facts that come before us, I judge there is only a fair profit being made.—A. Yes, and the only way you make a profit is in the volume of your business.

Q. Have you any sugestions to make which could in the long run help the producer? You must have thought out those things?—A. I thought about it day and night. I cannot find a solution.

Q. We find that aparently without fault from anyone, except perhaps the breaking of the bottles.—A. That is a very vexed question with all dairymen. I might say I was at the International Milk Dealers' Association in St. Paul last October and the milkmen of the whole American continent, even

from England were present and the bottling question was threshed out for two days without any solution whatever to it.

Q. But here we do find this, that the producer who owns the animal, milks the animal, feeds the animal and brings the milk to your doorstep, gets practically only as much on the whole of that operation as you get from taking it to the doorstep, pasturizing it and taking it to the consumer yourself.—A. Well I do not want you to think for one moment that we want to keep the price down to the producer. I might say that our company is representative of practically all the milk dealers. We have had very pleasant relationship with our producers for the last fourteen years. We have never had any difficulty. When it comes to the matter of arranging price, Mr. Stonehouse, who is here to-day, with his executive committee—we meet the distributors and get together and we always come to some satisfactory solution as regards both the producer and ourselves and the consumer, of course, then has to take what we give them.

Mr. SALES: But surely you do not call it a satisfactory solution between the producers and yourself when the producers are losing money?—A. I am not prepared to anwser that question, as to whether the producers are losing money.

Q. We have had evidence here several times over that if the interest were allowed on your investment in the farm and a very low rate of wages that the producer would lose money on producing milk.—A. It is a very wide question, and I do not think it is fair to the distributor to argue that point. I understand you have Mr. Stonehouse here. He will probably enlighten you on that proposition.

Q. Of course when you say the producers agree, if that is so, it is their own fault if they make a bad bargain, but for you people, that is all you pay. —A. We do not say that. The whole thing is laid before us and we arrive at a price to which the producers agree, and then of course we have to arrange our selling price.

Q. That price would be determined somewhat by the price condensers are paying for milk. It would be decided by what returns were made for that, turning their milk into butter?—A. Yes.

By the Chairman:

Q. What strikes me as a consumer is that it does cost a tremendous amount to distribute milk. You have been in that business for a long time and I am sure you are a thoughful man. I am sure you have considered what possibility there is of some more economic means of distribution. For instance, let me ask you this, so as to show you the trend of my mind. What does the actual carrying of the milk around cost you apart from the parteurization, apart from the destruction of bottles? What does the actual distributing of milk cost, distributing it to your customers?—A. That practically costs us 2 cents a quart on our delivery cost. We have nothing only our delivery equipment.

Q. I am not critical of your allocation of the cost. But here the farmer is getting five cents a quart for the milk and it is costing 2 cents, apart from cleansing it. It costs 2 cents to take it from your establishment around to the customer. That is 40 per cent of the value. That seems high.

Mr. SALES: And the farmer has to pay the railway freight on it, so he does not get five cents. How far do you draw your milk from. What is the distance it comes from the farm?—A. I would say about 60 miles is our farthest point.

Q. Can you tell me what the freight cost for that 60 miles would be?—A. 20 cents a can. There are two freight rates, one of 15 cents up to 40 miles. and another of 20 cents from 40 to 150 miles.

Q. Is there any other zone for 20 cents?—A. No, there are only two zones.

Q. If a man lives 10 miles from Toronto he pays 15 cents; if he lives 40 miles he pays 15 cents?—A. Yes. They draw it 150 miles for 20 cents.

Q. That is too far for fresh milk?—A. Yes, in the summer time.

Q. What is the average haul from the farm to the railway station?—A. You mean how far would the farmer haul it?

Q. Yes.—A. I suppose the average would be about three miles.

Q. When it gets to the station in Toronto, it is taken at the farmer's expense from the station to your establishment?—A. Yes.

Q. Tell me how much you pay the men who distribute your milk?—A. Around the cities, of course you understand we deliver seven days a week. Now we pay our men—

Q. Does the farmer deliver seven days a week, too?—A. Not in all cases.

Q. But he milks seven days a week?—A. Yes. We pay our men $18.00 a week and 3 per cent commission on the sales.

Q. What does that amount to, with the commission added?—A. The commission would amount to,—the total wages would amount to about $30.00 a week.

Q. For six days a week?—A. Yes.

Q. What about the seven?—A. We have to have extra men to take care of that.

Q. You let each man have one day as a holiday?—A. Yes. We have an extra man for every six waggons.

Q. That is a $5.00 a day for the man who delivers the milk, without any investment at all. He has no waggon, no horses, and he does not own anything?—A. No.

Q. He gets $5.00 a day?—A. Yes.

By Mr. Milne:

Q. That is adding the feed?—A. No, we feed them ourselves.

By the Chairman:

Q. He would be on duty how many hours a day?—A. I would say they average nine hours a day. It is pretty hard work.

By Mr. Sales:

Q. That is $1,565 a year, not counting Sundays.

By Mr. Elliott:

Q. Each of these men who distribute your milk will make more money than the producer at that rate. He has no investment. He has nothing but his clothes and wear and tear on them?—A. You have to take into consideration that the man has to live in the city of Toronto, which costs him more than it costs the producer on the farm.

By Mr. Caldwell:

Q. For some items?—A. Yes.

By Mr. Sales:

Q. I imagine the producer on the farm pays more for his boots and shoes and clothes than the man in the city of Toronto, dealing in small town stores.

Mr. CALDWELL: He wears out double the amount of clothes.

Mr. SALES: The food he produces himself would be cheaper than it would be to the man in the city. Otherwise he is living on the same basis.—A. Yes.

By Mr. Caldwell:

Q. Do you find there is a very great overlapping in the delivery of milk in the cities?—A. To a certain point there is.

Q. Which will add to the cost of distribution?—A. Well, it does in some ways. Now, we have got to take into consideration that a man's capacity is only so much; he can only take care of so many customers?

Q. Yes, but say he had one street after another to deliver to all the people on one street after another, he can serve far more people than if he had to travel to one street to deliver to three families, and to another street to deliver to four families, and so on?—A. Yes. He would be able to deliver more rapidly.

By Mr. Sales:

Q. How many firms have you in Toronto distributing milk?—A. 51, sir.

Q. I suppose you could find in one street ten or twelve waggons?—A. Not that many; I would say six or seven.

By the Chairman:

Q. If there is any hope of getting down to a better method of distributing, it would lie in the actual delivery?—A. Yes. But supposing, Mr. Chairman, that we say for argument's sake that the City of Toronto is divided into two sections for delivering, and that the City Dairy Company was delivering at our homes, but suppose we wanted the other dairy company's milk, it would be rather hard if we were told that we could not get what we wanted.

Q. I grant you that, but that is the only suggestion that has come to my mind, and I am not sure that it is a practical one; for instance supposing there were half a dozen big dairy people in Toronto who practically controlled the situation, and who said that instead of each one going on all these streets they would form a little delivery company to supply all regular customers on a certain street, that the customers of Mr. Hughes would get theirs, the customers of Mr. Jones would get theirs, and that the customers of Mr. Smith would get theirs, all delivered by the same drivers—how would that work out?—A. You would run into difficulties. We would have the Trade and Combines Act after us.

Q. But there is nothing to prevent that being done; there is nothing in the law to prevent people saying that they are going to have a joint delivery of their wares. I do not know whether it is practicable or not, but there is nothing illegal about it?—A. Mr. Chairman, I understand that in the City of Calgary there is only one dairy, that is, the United Dairies. I think myself that you could get some good information from them as to how it is working out. I think they have bought out quite a number of dairies in Calgary, and I think it would help the situation if you could find out just exactly what benefit it has been in saving the distributing or the delivery costs of any description, or whether it is working out well.

By Mr. Sales:

Q. I think you know what the situation is there?—A. Excuse me, Mr. Sales, I do not know; in fact I have not heard anything of the situation during the last three years.

Q. I thought you were going to contend that it had worked out for the benefit of the patrons?—A. No, sir.

Mr. HAMMELL: I think we should find out.

The CHAIRMAN: We know that it is difficult, but it goes against the grain when we know that the man who has produced an article does not get as much out of it as the cost of distributing it after it has reached a certain point.

By Mr. Gardiner:

Q. Do you know any depots where customers can go and secure their own milk?—A. Yes; the grocery stores, for instance.

Q. What is the difference between the cost delivered and the cost to the customer who goes and gets it?—A. We have to deliver milk to the grocery stores, and we sell it 1¼ cents a pint cheaper to the grocery stores.

Q. But there is no difference at all to the consumer?—A. No difference to the consumer, no, sir.

Q. Do you think it would be possible to organize milk depots, your own companies organize depots and sell direct to the customers at a lower cost than it is being sold for under present conditions?—A. It would be an ideal situation if we could get the consumer to fetch the milk. I am satisfied we could get milk say two cents a quart cheaper.

By the Chairman:

Q. You think they could get milk two cents a quart cheaper if they would go and fetch it themselves?—A. Yes, sir.

By Mr. Sales:

Q. You pay the grocer 2½ cents for handling it?—A. Yes. It is up to the grocer; he makes his own profits.

By the Chairman:

Q. He sets his own price?—A. He sets his own price.

By Mr. Sales:

Q. But they pay the same price as though they got it from your rig?—A. Yes, sir.

By the Chairman:

Q. They could not charge any more for it?—A. No, sir.

Mr. SALES: After receiving the empty bottle back, this man gets 2½ cents a quart, as compared with what the man get for producing the quart.

By Mr. Elliott:

Q. Your profits under the system of distribution of the milk as you do it, is less than one-fifth of one cent?—A. Yes.

Q. If you sell that milk to these grocers at 1¼ cents cheaper, you are selling it at a loss?—A. Excuse me, all our sales are included in this figure.

By Mr. Sales:

Q. Let us refer back to the two parties and prices; what is your mode of operation in fixing prices, Mr. Hughes; do you call in all those 51 distributors of milk in Toronto?—A. No, sir.

Q. That is, the distributors do not meet?—A. No, sir. The President of the Milk Association, Mr. Stonehouse, could probably explain that better than I can.

By the Chairman:

Q. Do you attend those meetings—A. Yes, I attend the meetings. Mr. Stonehouse invites us to attend a meeting at a certain place.

By Mr. Sales:

Q. Do the 51 distributors appoint somebody to represent them?—A. Yes; the Milk Dealers' Association in Toronto have an Executive Committee to represent them.

Q. They are all in one Association?—A. No, sir. The City Dairy and ourselves do not belong to the Association.

Q. You do not belong to it?—A. No, sir.

Q. So you have nothing to do with this fixing of prices?—A. Yes. Mr. Stonehouse invites us.

By the Chairman:

Q. And you accept the invitation?—A. Certainly.

By Mr. Sales:

Q. Is Mr. Stonehouse the only representative of the producers?—A. No, sir.

Mr. E. H. STONEHOUSE: We have seven on the Executive Committee.

WITNESS: Mr. Stonehouse has his Executive Committee.

By Mr. Sales:

Q. You all agree upon the same price to pay for milk and to sell it?—A. Yes, sir.

By Mr. Hammell:

Q. Is there any difference in the cost of delivery as between summer and winter, in the City of Toronto?—A. Yes. The cost in winter is very much more, on account of wear and tear on bad streets.

By Mr. Sales:

Q. Can you always get sufficient milk to supply your customers?—A. Yes.

Q. You are never short?—A. No, sir. I would not say that we are never short; for instance, if we do not get all our milk in on Saturday night by trains, we are short on Monday morning.

Q. Is there any particular period of the year when you are short?—A. Yes, sir, say about October or November. I might say that during the last three years anyway there has not been any scarcity of milk.

Q. What do you do in those periods when you are short?—A. We go out and buy from outside sources.

Q. Do you ever use Klim?—A. No, sir; we have no right to do that.

Q. Are you in the ice cream business?—A. Yes.

Q. Is it showing any profits?—A. No, sir. We have only been in the ice cream business two years; we have only started up, and we started up in a very small way and have not yet made any money out of it.

By Mr. Gardiner:

Q. Referring back to the depots system of distributing milk, is it because of the fact that the customers demand the delivery of milk at the door that the producer is unable to reduce the cost of production, because the customer demands a certain service; do you think that that is a justifiable situation?—A. I understand your question is, Is the customer getting the service? I think he is.

Q. But at the cost of the producer?—A. I think it is a condition which has arisen in the last eight or ten years. Times have changed, the people demand everything, they demand everything to be delivered.

Q. To the extent that they are not actually paying for the cost of delivering; but taking into consideration the cost of production, what do you say?—A. Well, sir, I do not feel that I am in a position to speak on the cost of production.

By Mr. Elliott:

Q. In other words, we have got into a very expensive system of distribution?—A. Yes; it is an expensive system.

By the Chairman:

Q. Whatever the reason of it is, you cannot expect the distributor, who is making his money by supplying milk to the people in the condition in which they want it to be supplied to them, to initiate the reform?—A. No, sir.

By Mr. Sales:

Q. How long have you been in the business?—A. Since 1909.

Q. How did you distribute milk in those days?—A. The same way.

Q. In bottles?—A. In bottles.

Q. Has the cost of distribution gone up—A. Yes.

Q. How much?—A I have not the figures back to 1909.

Q. Can you give us any idea of it?—A. I can go back to 1915. In 1915 it cost us 69·2 cents per can.

Q. For an eight gallon can?—A. For an eight gallon can. It is $1.19·6 now.

By Mr. Hammell:

Q. Practically double?—A. Practically double.

By the Chairman:

Q. That is about 40 per cent more. What about the cost of distributing? —A. That is the cost of distributing. No, that is our total cost. I have not the separate costs for that period.

By Mr. Hammell:

Q. Mr. Hughes, a day or so ago we had another witness here, who made the statement that had he invested $5,000 in a dairy company in Toronto that he would now be worth $12,000; he invested $5,000 two years ago. Can you give us any idea of the financial condition of the dairy companies in Toronto, in regard to the price of their stock?—A. Our own stock?

Q. Yes.—A. Our company's stock is at par We are not listed at all, we are not on the Exchange at all.

By Mr. Gardiner:

Q. What dividends are you paying on your stock?—A. We paid 4 per cent for the half year in June, and 4 per cent in December, with a bonus of 2 per cent.

By the Chairman:

Q. 10 per cent for the year?—A. 10 per cent for the year, practically.

By Mr. Sales:

Q. You organized your company in 1909?—A. In 1909.

Q. At a capital of how much?—A. Our capital has been changed so often that I can hardly tell.

Q. But at that time what was it?—A. $40,000.

Q. How much was paid up?—A. I could not tell you.

Q. What was the first call?—A. Twenty per cent, I think.

Q. Further calls have been made?—A. We have since then increased our capital stock to half a million.

Q. Any melon cutting in the meantime?—A. No, sir.

Q. Every dollar of this capital has been put up by the investors?—A. Absolutely.

Q. Not paid for out of the profits?—A. No, sir; absolutely every dollar has been paid in cash.

Q. Have you put up any reserve fund in the Company?—A. Yes, a little reserve, but our capital is not fully paid. We have not got the $500,000 all paid up; we have about $350,000 paid up.

By Mr. Hammell:

Q. In striking a dividend, you just take into consideration the amount of the capital paid up?—A. Yes, sir.

By Mr. Sales:

Q. Have you paid 8 per cent over the whole time?—A. No, sir. The first four years we did not pay any dividend at all.

Q. What was the highest dividend you have paid?—A. Last year, ten per cent. We have called up $120,000 of capital in the last half year. It has been all subscribed, but has not all been paid.

Q. Can you give me any idea of the amount of money invested in the whole of the companies distributing milk in your city?—A. I cannot say.

Q. Are you the largest?—A. No, sir, the City Dairy is a larger company than we are.

The CHAIRMAN: Mr. Tolmie, we have been asking this gentleman, the president of a Dairy Company, about the cost of milk.

By Mr. Tolmie:

Q. What does he say that his company pays for milk?—A. The company paid an average of $2.02 per can for eight gallons.

Q. What does that run per hundred?—A. About $2.46. I would have to work it out.

By the Chairman:

Q. 24¾ cents per gallon?—A. Well that would be $2.47.

By Mr. Tolmie:

Q. That is your winter price?—A. Yes.

Q. How long does that prevail?—A. Until the end of April.

By Mr. Sinclair:

Q. That is delivered in Toronto?—A. Yes.

By Mr. Tolmie:

Q. What does it cost for the delivery?—A. Per hundred pounds or per can?

Q. Or per gallon?—A. It would cost I would say about three cents per gallon on the average.

Q. Do the farmers find that price a profitable one?—A. I am not prepared to say that doctor, but we have had no difficulty with our own producers. They

seem to have been well satisfied. But I may say this, gentlemen, that we purpose paying our producers the same price for the month of May. We have made that arrangement with them.

Q. By that time you will be getting the grass milk?—A. It will be about the last week in May.

Q. What does your price drop to after that, net to the producer?—A. We have not done anything about that this year yet.

Q. What was it about last year?—A. It was about $1.75. It will be about $1.50 per can. That is net to the farmer after deducting delivery charges.

Q. Less than 20 cents a gallon?—A. Yes.

Mr. SALES: I think if I had my time over again I should go into the manufacture of soft drinks instead of producing milk.

Mr. HAMMELL: Mr. Chairman, I think these two gentlemen have proven conclusively that they are not making excessive profits out of the distribution of milk.

Mr. HUGHES: Well, I will tell you, sir, that we are in business to pay the producer a fair price, sell to the consumer at a fair price, and make a fair profit ourselves.

By Mr. Tolmie:

Q. How do your Toronto prices to the consumer compare with the Ottawa prices?—A. Well Ottawa is very cheap, Dr. Tolmie.

Q. Why?—A. That I cannot say, sir. Probably Mr. Henry can tell us that.

By the Chairman:

Q. Yours amounts to what?—A. 12½ cents a quart.

By Mr. Sales:

Q. I would suggest, Mr. Hughes, that the next time you are fixing prices that you call in Professor Leitch and he will tell you what it costs to produce milk, and then fix the price at the cost of production plus a fair profit to the producer.—A. Of course you have to take into consideration other markets as well, sir, when you are fixing the price of milk.

Q. Will you explain, please?—A. Supposing that the cheese market and butter market were low and the city milk was paying a high price; we would be flooded with men wanting to ship milk to the city, with the result that the reasonable price to the producer would have to come down. I figure that the men shipping milk to Toronto should have a better price, with an eye to the condensery, the cheese factory or the creamery.

Q. Why?—A. Because he has so much more extra labour. And not only that but in shipping milk to Toronto he is under certain inspection regulations from the Medical Health Department.

By Mr. Tolmie:

Q. Is that milk obtained from tuberculin tested cows?—A. No, sir, not necessarily. We have a compulsory pasteurization law in Toronto.

By the Chairman:

Q. How does the farmer get his milk from the station in Toronto to your establishment?—A. It is hauled by motor truck. We pay a man for hauling it. We don't do it ourselves.

Q. You pay it and charge it against the farmer?—A. Well the farmer's price is so much delivered. We charge the farmer eight cents per hundred for hauling his milk from the station to our dairies.

By Mr. Sales:

Q. That is how much per can?—A. The actual hauling is four cents per can. The other is taken up by men receiving the milk at the station, and shipping out the empty cans.

By the Chairman:

Q. The farmer has to take his milk to the station in the country, pay the railway for carrying it, and then he has to pay someone for taking it from the Toronto station to your door.

By Mr. Milne:

Q. Eight cents per gallon?—A. No, eight cents per hundred.

The CHAIRMAN: Any more questions? If we are finished with Mr. Hughes, I will thank him on behalf of the Committee for his attendance here and for the valuable information which he has given.

Mr. HUGHES: Thank you, Mr. Chairman.

The CHAIRMAN: The Montreal Dairy people are represented here this morning, and we would like to hear from Mr. Fortier as to what it costs to deliver milk in Montreal.

ADELARD FORTIER, called and sworn.

By the Chairman:

Q. Mr. Fortier, you are in the milk business in Montreal?—A. Yes, we sell milk wholesale only. We are not distributing milk.

Q. What is your company?—A. The Montreal Dairying Company.

Q. You only distribute it wholesale?—A. That is all sir.

Q. You can tell us what you are paying the farmers around Montreal for milk?—A. We have as you know, Mr. McMaster, in the Municipalities, receiving stations, and we have agreements with our farmers that they will be paid according to the price of butter and cheese, because those farmers of course, not distributing milk in the retail way, we take whatever gallons we need for the wholesale business, and some of our farmers are wanting the skimmed milk for raising pigs calves and so on, so we have to skim practically half of our milk, to give them the skimmed milk, so that is the arrangement we have made with our patrons.

Q. So you are on quite a different basis from these two gentlemen who were here this morning?—A. Entirely a different basis. I am here practically, Mr. Chairman, to hear what is being said in this country and we find there is valuable information coming out. I agree entirely with those who say the farmers are not paid for what they produce in milk. I am always surprised that these farmers can stay in the business with the small price they get for what they produce. That is exactly the way I feel about it.

Q. With those sentiments, Mr. Fortier, will you tell us what your company is paying for it?—A. We paid last year for the milk we bought from them, an average of twenty cents per gallon, and they have got nothing more to pay on that. That is to say, we make the hauling ourselves. Now they figure out that the price of the skimmed milk gives them back about thirty to thirty-five cents a hundred, that is 3½ cents per gallon. And we might say, since five years our patrons are satisfied with the prices they have been getting from our company, when they compare what the others are paying; but we admit that the milk was handled more profitably for the producers, they should get

more, and it is unfortunate that these farmers have got to pay so much money for all they buy and when they have got to pay all the taxes imposed, and with the high prices of farm implements and of boots, clothing and so on, well, I pity them; they don't get what they should get. And we maintain that they pay more for what they buy and they do not get enough for what they sell.

By Mr. Caldwell:

Q. How long do you consider that the farmers can keep on producing under present conditions; can they keep on indefinitely?—A. No. Some changes will have to be made, because we find that amongst our patrons their sons do not stay on the farm.

Q. And they cannot hire help at the present prices to carry on farming operations?—A. No, no one around Montreal wants to work on the farms. Last year we had a great number of unemployed men and some of the farmers tried to get them to work on the farm, offering good wages, but they did not succeed in hiring one of them. No one wants to work on a farm.

Q: Supposing they would work, can the farmer under present conditions pay the prevailing rate of wages and make his operations pay?—A. No, he cannot do it. Some of those farmers understood well that they would lose money by hiring men, but still they live in hope that conditions will improve. The older farmers who have been farming for years, dislike to leave the farm but they will tell you frankly that if they were fifteen or twenty years younger they would quit the farm. And the boys and girls do not want to stay on the farm and we do not know what is coming; something will have to be done or you will have no more farmers in this country.

By Mr. Sales:

Q. Where have they been going?—A. We have been watching them very closely and by our information they come to the city and try any kind of job, and they maintain that a salary of $18 to $22 a week is far better than what they can get on the farm. The girls are coming to the city also, finding jobs in the textile companies or any company in which they can get work, and if they do not succeed in finding work in Montreal, the first thing we know they go to the States. As a matter of fact, Mr. Chairman, since three months over 340 young men who came from farms to Montreal last year and the year before, have gone to Springfield and Syracuse and other cities where there are different textile companies and young girls just the same.

By the Chairman:

Q. You were born in what country?—A. I was born in Ste. Classique. We follow them very closely because we are interested.

We have at the present time about 3,000 shippers of cream, and I should say that in the environs of Montreal we have about 500 patrons there, and we fear the future. To supply our company to-day it takes 8,000 producers supplying cream because we are large makers of butter and we have established a trade with the States and also we are shipping our butter to England. To supply our company to-day it takes that number, 8,000 patrons, while years ago 4,000 would be enough; but when you come to figure out the number of cows that these farmers are keeping to-day, you find that every year the number is decreasing on each farm.

By Mr. Caldwell:

Q. And that is the reason it is taking more patrons?—A. Yes.

By the Chairman:

Q. Is it not true then that it costs more to raise cream or milk on a farm of ten cows than on a farm of thirty cows, in comparison with the amount raised?—A. Certainly, Mr. Chairman, and that is why we are afraid in a certain number of years practically half of the farmers will have quit the farming business because they cannot make it pay, at the present time. I have got brothers who are farmers ,and they are the same as the rest, they cannot make it pay.

By Mr. Sales:

Q. Have these farmers good cows?—A. To-day they are trying to get the best cows; I will tell you why, because, having just a few cows, they are trying to get the best, but unfortunately, when they come to buy that class of cows they have to pay very high high prices, and the farmers can not buy them, so they have not the good cows. That is what they are trying to do to-day.

Q. Would you say they understand the business of feeding cows?—A. Well, sir, I should say this, that there is a certain number of people in this country who say that the farmers of this country do not know their business. I maintain that they do know their business, but how can you make a thing pay when you sell what you produce practically for nothing, and when you pay all that you get for the things you buy. There is not a man can stay in that business.

Q. That is the experience of your own brothers?—A. Yes, sir.

Q. And they are all good business men?—A. Yes; my father is a farmer, and they are farmers themselves.

Q. Have they been studying the best methods of production?—A. They have, sir, and I maintain this; take the best farmer during the last three or four years, taking the best of them, and if that farmer can say he has been making money on his farm, I say there is something wrong. I know there are no farmers can make any money to-day.

By Mr. Caldwell:

Q. Can they break even, on an average?—A. As my brother said to me one day, "We exist; we do not live, we exist. We have to spend every copper we can possibly earn." Then there is the question of equipment; if the farmer does not make any money, he cannot replace the necessary equipment, and if he cannot do that, he fails altogether.

By Mr. Sales:

Q. How many hours a day are these farmers working?—A. Well, sir, I know when it comes around May, until the 15th of October or November, they have to start about half past five, or five o'clock, and then they work until about eight; they come in and have their breakfast, and then they work until half-past seven or eight o'clock, until it is dark.

Q. There is a general idea that the farmer does not work in the winter.—A. I am not prepared to say he does not work in the winter time. There is no man in the city who would do the work of the farmer during the winter. That man probably has a number of cows, and he is obliged to feed them, and look after them every day in the week, Saturday afternoon and Sunday as well as any other day, while the boys in the city are not working at all. Then he has to get his wood in, and all that kind of thing in the winter time. As you know, in the last few years, many farmers have been obliged to cut wood to make a few dollars with the lumber to help on their farms.

By the Chairman:

Q. Mr. Fortier, when you send your butter out of the country, you have to meet the competition of the world?—A. Yes, sir, we have. Unfortunately,

Mr. Chairman, since that big duty on butter to the United States has come, it has hurt our farmers very much. When you think that when we export one pound of butter to the United States to-day, we have to pay 8 cents duty on that butter, we have to pay freight of about a cent and a quarter a pound; now, how can you expect our farmers here to sell that butter 8 cents less than the American farmer gets for his butter; how can you expect that, and still leave anything for the farmer? Now, what we find is that that is not fair to our Canadian farmer; our American friend can ship butter here and all they have to pay is 4 cents duty. Why is that? We cannot explain that.

By Mr. Caldwell:

Q. And we import large quantities of butter from the United States.—A. Look what happens now. Butter, as you know, has been low enough last year, and as a matter of fact it has been too low for those who are producing the milk. Why is it sold for that? Because the men, that is, the butter exporters, they did not know what was coming, when the high tariff on butter went into effect. If you did not have high tariff on butter, most likely and most naturally the butter exporter would have bought the butter and exported it and the farmer would have got the benefit of the 4 cents duty, so that is why our butter was so very low last year, and in addition—.

By the Chairman:

Q. Excuse me interrupting you, but even in spite of the tariff of 8 cents against our butter, you send butter into the United States?—A. Yes, last year we shipped 12,000 tubs, of 63 pounds each.

Q. Did you ever try to send any cream into the United States with a very high content of butter fat?—A. As a matter of fact we did ship that, too.

Q. Because I know in my county we are shipping cream to the United States, and they make it just as high as they can without its being butter, and they get it in at a very much lower rate of duty.—A. Yes, but besides that it is bad for our country, because all the buttermilk and so on is used by our American friends, and then we lose the portion of buttermilk for raising hogs and so on in this country, but we would ship our cream to the other side if it were a steady demand, but unfortunately they only want cream about a month and a half a year.

By Mr. Caldwell:

Q. That would cut out butter making in Canada altogether?—A. Yes, but as long as the farmers make money on the cream—I would like the farmers to make that money.

By the Chairman:

Q. If the people in Canada would pay the same price as the people in the United States, or even a little less, the cream would stay in Canada?—A. Yes.

By Mr. Stansell:

Q. If I understand you aright, large numbers of young men and young women that should be on the farm getting a profitable rate of wages, are drifting into Montreal, and from there over to the States, where they are working in manufacturing centres, largely textile factories?—A. Yes.

Q. And the farmers left are working overtime and producing butter at a disadvantage of 8 cents duty, and sending it to feed those people who should be at home?—A. Yes.

Q. Have you any remedy at all?—A. What we have been thinking of first is this; we think that farmers to-day are paying too high taxes; four years ago they were paying $40 and $50 taxes on their farms, and to-day they have to pay $200, $240, and $250. We say now that is not fair, the Government, no matter which one, should take care of the tax at the present time, instead of taxing the farmers. If you get any information you will find that some farmers are borrowing money since the last two or three years, to keep them going to pay their taxes trying to keep their farm, but now it has come to a time where they have borrowed the money and having given mortgages on their farm they have to take care of that, and that is what we are trying to do. Some of them will get discouraged and leave their farms entirely; and we were very pleased when we saw a committee was forming to enquire into those things, but I believe the great thing will be that the farmer should know that his produce would not be sold at less than such a price. Now, if you enquire you will find that the farmer to-day, when it comes time to work on his farm, to sow oats or anything at all, potatoes, he lets hay grow and so on, and he does not know what he will get for that. He may work hard and do his best, thinking that in the fall he will get so much money for his produce, but he is at the mercy of the trade. I do not say that the trade keeps all, but there is something that is not working in the right way.

By the Chairman:

Q. Mr. Fortier, is not this the real fact, that the farmer in this country, taking him as representing farmers in the east or in the west and everywhere, he raises a great deal more natural products in this country than the country itself can consume, that there is a great exportable surplus, that this exportable surplus has to be sold on the markets of the world at the world's prices?—A. Yes.

Q. That the price realized for that exportable surplus largely determines the price that he gets for all he produces. Therefore he is in this position: he has to produce and sell at world's prices. He has got to buy in Canada at prices which in many instances are artificially raised by tariffs, and by combines and by the operation of other producers or other distributors, who in a comparatively small area, are able to combine and get more than what at least the farmer thinks is a fair price for what he has to sell. I would like to get Mr. Fortier's idea—A. Mr. Chairman, as I said before, the farmer does not know what he will get for what he produces, but experience has shown him in the last two or three years, that he has been producing under cost. That is well settled. We all agree, after having made inquiries from those farmers who were complaining, that when he has to buy something, no matter what he buys, he has got to pay two or three times more than he was paying years before, and how in the world can he stay on the job if he sells his product for less money and pays more for what he purchases. That is the whole thing to-day. And when we come to talk about producing butter, for instance, we know very well that our butter is to be exported, that farmer is at the mercy of the British importer. Take Argentine, Denmark, New Zealand, Australia, all these producing countries have a surplus of butter, which they send to England, and our farmer has to compete with that.

Q. That is a normal condition. That is their business to send it.—A. That is their own business. In our country we had to get a market under high duties. We had got a market with the States, but with the high duty we cannot ship anything practically. The farmer is restricted to a small area on account of the high duties, which the other countries have been protecting,

but in our country we have been protecting certain industries and the farmer is at their mercy. He has to pay what they ask. That is the whole thing. That is the real position we are in.

By Mr. Stansell:

Q. There is a heavy duty now compared with what it was a few years ago on your hay, butter and other things, over to the American side, which is a hardship on the Canadian farmer who used to get a large volume of business from that market. Is the American farmer correspondingly better off because of the poor conditions of our own farmers in that particular trade. Is the increase of the tariff a benefit to the American farmer in the same way it operates against the Canadian farmer?—A. Take the American farmer first. What he buys he pays about 40 to 50 per cent less than what our Canadian farmer buys at. Now the population of the States, with their 110,000,000 people, there is always a market for their products. Talking about butter, we have an eight cent tariff on butter and there is nowhere in the world that can compete with the American farmer because he has always 8 cents advance on any other farmer in the world, so they say " alright, we will produce butter," but he knows he can get 8 cents more than any other farmer in the world, so he is safe there. Regarding milk, when he produces milk he has arranged that all the milk he will produce he will get such a price for it, and you will find that the American farmer is getting far much more money for whatever milk he produces than the Canadian farmer does. As a matter of fact, with all the duties they have been putting on our produce here, we still export some of our Canadian produce.

By the Chairman:

Q. Does milk cost the consumer in the cities of the United States—take Buffalo and Toronto, do you think people in Buffalo are paying more for their milk than they are in Toronto?—A. Mr. Chairman, I am not quite ready to state to-day, because for our part we have not been as far as that, and we intend of course to find out—

Q. I might be wrong, but I would think that all those shipments of butter from the United States have stopped. I would imagine that the United States still ship cheese outside of the country. Perhaps some of the gentlemen here know whether they do or not.

Hon. Mr. TOLMIE: I think they do.

The CHAIRMAN: If they are still shipping cheese, that shows they have more milk in the United States than the United States consumes.—A. Sure they have.

Q. If they have, they will not be able to raise the price to any substantial degree above the price, in which they have an exportable surplus either in butter or cheese. I think it goes out in cheese.—A. When the time of production comes along, it takes for the United States such a tremendous quantity of butter to keep them going in the winter months, that the men dealing in butter have to store for their winter use, and then of course the farmer gets the benefit of all that high price.

Q. I am very doubtful whether the American farmer does get the benefit of the high price. I think the man who can store it until the high price period comes gets the benefit of it. I would say if that benefit is to the American farmer, it is taken out of the American producer, I do not think there is any permanent benefit in putting a tax on the food of the people as a whole.

By Hon. Mr. Tolmie:

Q. What are you getting for first class butter in Montreal now?—A. Yesterday we were charging grocers 44 cents. To-day the price is 38 cents.

Q. There is no American butter in competition with it?—A. No.

Q. What is New Zealand butter selling for in Montreal to-day?—A. Yesterday New Zealand butter was offered at 34 cents.

Q. The New Zealand butter man can put his butter in cheaper than you can?—A. I do not think so, because the butter importers are losing money at the present time.

By Mr. Sales:

Q. What are they charging retail for that butter?—A. When we were selling butter to the grocer at 44 cents, they were selling it at 49 cents.

By the Chairman:

Q. As a matter of fact the profits on butter are not exorbitant, are they? —A. No.

Q. The profits taken by middleman on butter are not exorbitant?—A. No. I am ready to say that.

By Mr. Sales:

Q. That is, they keep a spread of 5 cents around whatever the price is? —A. Yes. The grocery men, those stores that sell for cash, where the people carry it away, they can sell cheaper. Those that have to deliver to Mrs. So-and-so, whatever she wants, are obliged to charge more than anyone else. Unfortunately in our city we have a lot of people who do not know how to buy. Some of my friends who are grocers tell me that they have lady customers who live about a mile and a half from the grocery from which they buy and they will call up and order a pound of sugar and later on order a pound of butter and they will want it right away. Now, look at the cost of the delivery business.

By Hon. Mr. Tolmie:

Q. Are you finished on that. To what do you attribute the fall in the price of butter in Montreal at the present time? The presence of New Zealand butter?—A. Yes. Unfortunately, if we knew what every one was doing on the Montreal market, we could avoid those slumps, but you know there are cases where a man would think he would be short of butter and he would place an order with some of the New Zealand companies to ship a few thousand boxes of butter at such a price, that butter to be here at such a day, and he keeps his mouth shut, and the next man does the same as he does, and instead of one man importing 2,000 boxes, there are five or ten men doing the same thing, and that is where the slump comes in.

Q. So if you think that these butter importers are losing money, is that fresh arrival, or has it been in storage for some time?—A. Fresh arrival.

Q. How long do you think it will continue?—A. At the present time Montreal has a few thousand boxes left. We have information that there are three thousand boxes that will be in next week.

Q. Have you any idea what that butter is worth F.O.B. New Zealand? —A. No.

By the Chairman:

Q. As a matter of fact it would be pretty hard for New Zealanders to bring butter into Montreal?—A. The butter that is coming in is butter that has been shipped a month or a month and a half ago.

Q. That condition would cure itself if it is a bad condition?—A. That is only an accident. The men who are importing the butter are losing money. That is all.

By Hon. Mr. Tolmie:

Q. You will remember down in New Zealand that is all grass butter?—A. That is what we say when we speak to our farmers. Our farmers have to take care of the cows during six or seven months of the year.

The CHAIRMAN: I saw this in some report of proceedings in the New Zealand Parliament, that happy condition you spoke of, of not having to take care of their cattle, and land values were raised to such an extent that the man who gets in and buys a New Zealand farm has got such an advance on capital account, he is not able to make any money. Mr. Leitch said "if you put up wheat to $5 a bushel, the fellow who had to buy the farm in five years time would not be any better off, because he would have to buy land on the basis of $5 a bushel wheat and it nets him less revenue."

By Hon. Mr. Tolmie:

Q. A while ago you made the statement that half of the cows supplying butter to Montreal were of good quality, but the other half were not so good. What would be the average yield per pound of that good lot of cows?—A. I am not prepared to make that statement.

By Mr. Caldwell:

Q. I would like to go back to some of the remedies for the present condition of agriculture. You spoke of high taxes being one of the handicaps. To my mind one of two things is going to happen. Either the farmer has to get more for his product, or he has to get last year's cost of production.—A. If I were Prime Minister of this country, I will tell you frankly that if the farmer were paying a fair price, or if he were paying about the price which he gets for his produce, if he were paying a fair price for what he buys, he would be pleased and content, but when he gets angry is when he goes to the store and wants to buy a pair of shoes and they ask him $5 or $6 for a pair of shoes, and $25 or $30 for a suit, a hat, and so on, and his sons want the same thing, he comes home and he is angry, and when his wife goes to the store and she wants a silk dress or his girl wants it, it is about the same thing When the boy wants new harness for his horse, and he has to pay such a tremendous price for it, he gets angry, so that is one thing you have to look at.

Q. After all, the municipalities are governed by the Municipal Councils, which are elected by the people at large?—A. I do not agree with you in that, Mr. Chairman. In our own province we know that roads have been built against the wish of the farmers, and to-day the farmers have to pay the bill. That is the statement I make, and I am ready to stand by it. I say that that is not fair. There is not a legal man or a professional man who would permit such a thing. The farmer has to pay the bill, without saying a word. That is my statement.

Now, regarding what the farmer has to buy, that is, what he should have. You want him to produce. We have heard of men, educated men, who know the farm industry, we admit that, advising farmers to produce this or that, to improve their farms, and to do this and to do that. But that is all very well. What advantage does the farmer get after he has produced such large quantities as these men have told him to produce, that is, that he will be paid for his stuff. He has got into his head, and I think with reason, that the more he produces the less he gets for it. That has been the question. How can you expect a man to produce in large quantities when he thinks and his experience has shown him that when he has say 4,000 boxes of butter to ship to England he gets so much

money, but if he has 8,000 boxes or 800,000 boxes he gets less money for it in proportion. If he produces so much milk, it will mean so much more to give away, and he will not produce it With all that, something has to be done or the farming industry will go to pieces.

By Mr. Caldwell:

Q. In the first place, you realize that the Government cannot set a price on farm products, that is regulated by the law of supply and demand. Do you consider that the Government should set the price of farm produce?—A. We say this, that regarding the butter and cheese industry the Government should say, if butter goes to such a low point, the Government will take care of that part, and if we ship it to England and do not get the price that we should get for it, the farmer will be entitled to the proportion of the difference, our Government paying for it.

By the Chairman:

Q. How will the Government get the money to pay that?—A. Well, sir, by reducing expenses.

Mr. CALDWELL: By what?

The CHAIRMAN: By reducing expense along other lines.

By the Chairman:

Q. Is that what you mean?—A. That is what I mean by reducing expenses. If you will ask me the questions, I will start at the bottom and go to the top.

Q. Well, explain it.—A. I am not a farmer; I wish I was one, but not at the present time.

By Mr. Sales:

Q. It is a happy life, but not a profitable one?—A. We will all starve very shortly. You asked me about the expenses. Do you know what makes the farmer feel bad? It is when he reads a list which shows that in our country we pay officers that practically are not worth a damn very high salaries, and as a matter of fact we appoint Mr. So-and-So to such a high position, we know he is not worth one-half or one-third of what he gets. The farmers get mad, and they have the right to do so. We go around and make investigations, farmers, merchants and so on; we go into some Departments where you have 100 men or 50 girls working; one-half of that staff could do the work, and maybe less than that. We maintain that the hours that the staff works are not long enough. You cannot pay a man and have him work from nine o'clock; he starts at nine o'clock, or he goes in at nine o'clock, he reads the paper, washes his hands, and starts working at half past nine, then goes to lunch at twelve o'clock. But he does not go at twelve o'clock; he goes before twelve; he washes his hands at about half past eleven, come back at half past one, does not start work until two o'clock, and stops at four in the summertime, and in the wintertime at five o'clock. When the farmer compares that with what he has to do on the farm, and what his son has to do on the farm for almost nothing, he gets mad.

By the Chairman:

Q. Is that not an exaggerated statement?—A. I don't think so. Something has to be done. Whatever money is spent that should be saved, put it on the farmer's side, reduce the tariff on farm implements and reduce the tariff on boots, shoes and other things, as well as on farm products.

By Mr. Bouchard:

Q. There is a duty of eight on one side and four on the other. In your opinion, when the duty on butter going to the United States is 8 per cent it should be 8 per cent coming this way?—A. That is what I think.

By Mr. Caldwell:

Q. Do you not think it better business to have the Government take the duty off both ways and give us an unrestricted market?—A. I understand they have been trying to do that, but they cannot succeed.

Q. You would not believe in giving up the effort?—A. They should get us the United States as our market.

By Hon. Mr. Tolmie:

Q. Do you believe in taking it off the country requirements and putting it on city requirements?—A. I am not prepared to say that; but they should arrange to work in such a way that their prices should compare a little with what prices are in the United States.

Mr. CALDWELL: Mr. Chairman, while we have a thirty per cent duty on shoes from the United States to Canada, they go free from Canada to the United States.

By Mr. Caldwell:

Q. There is no duty on farm machinery going to the United States?—A. No, sir.

Q. But there is a stiff duty coming this way?—A. Yes, sir.

Q. There is no duty on fertilizers going to the United States?—A. That is right.

Q. But there is a thirty per cent duty this way?—A. I understand so.

By Mr. Sales:

Q. If you were the Prime Minister—A. I would not like his job.

Q. You may get there yet. You say that these prices of the things which the farmer has to buy have to come down?—A. Yes.

Q. How would you bring them down—if you were Prime Minister?—A. I really believe first that I would see these manufacturers, meet them, go to the head first, get them around the table as we are doing to-day.

By Mr. Caldwell:

Q. Don't you think they do that to-day?

By the Chairman:

Q. Will you continue that?—A. And ask them, "Now look here, American farmers buy shoes at such a price; they buy suits, they buy farm implements and so forth at such a price, can you not arrange to reduce your prices so much per cent and keep the farmers at their job on the farm?" I do not know what they would say about that, but the great fault, Mr. Chairman, as far as I know is that our farmers pay more for what they buy than they should pay.

By Mr. Sales:

Q. Suppose they said they could not, then what would you do—if you were Prime Minister?—A. I would guarantee the farmers that if in our country we have got—take the butter business, the dairy industry, that to my mind is the best we have in mind at the present time.

Q. But you are getting away from what I asked you. A. I would say "It will come back to you; we have to tell the farmer that his milk will not bring him less than so much per hundred pounds" and the factory man, the cheese man, or the butter man, then if the butter market or the cheese market goes lower, the Government will take care of that by the surplus of the butter.

By Mr. Caldwell:

Q. You would have the Government guarantee the price?—A. Yes, and instead of leaving the farmers at the mercy of the world, we have a high tariff here, then when comes the time to ship that butter or that cheese, no doubt our English importers will buy that cheese and that butter from us just the same, but they would pay the price set by the Government, and if the price paid did not bring what you guaranteed the farmers, the Government would have to take care of the difference, then the farmer would know that whatever he produced in that line he would be paid for.

Mr. CALDWELL: Being a farmer, Mr. Chairman, you would naturally expect me to agree with this last statement. But it is a dangerous thing to set prices for anybody, because if they did that they would be opening the door, and would have to set the prices for everything. But the Government should see that he does not pay excessive prices, and they should reduce the duty on clothing, boots, shoes, etc., and should guarantee him a reasonable price for his raw material, but I do not think they should guarantee him a set price for what he produces. That is subject to the law of supply and demand, at least that is my opinion. I am dairying somewhat too, as I said before. When you set a price on any one commodity, you cannot refuse to guarantee the next producer, manufacturer, farmer, or whatever he is. I do not think the witness is on safe ground there; while I am almost in love with the rest of his evidence, I do not agree with him there.

By Hon. Mr. Tolmie:

Q. What would be the average investment in implements on one of these dairy farms you speak of now?—A. That is a very wide question to answer.

Q. For ploughs, waggons, seeders and so on?—A. I maintain this, that our farmers had better implements three or four years ago than they have to-day, because we find that our farmers are not replacing their implements as fast as they should, and as a matter of fact when you ask them why they say they have not the money to do it.

By Mr. Sales:

Q. You say they are not replacing them?—A. They are not replacing them; they are working with old implements, which are not giving them any satisfaction.

By Hon. Mr. Tolmie:

Q. The duty on implements is less than it was four or five years ago?—A. No, sir, but it is still very high.

Q. There is not much difference in the price?—A. No.

Mr. CALDWELL: I want to speak of two farms, one in Maine, the other in New Brunswick, side by side. In the Bulletin it gives the average capital in machinery and equipment on farms from 81 to 100 acres. It is on page 5, Average Capital in Machinery $1,173 on a farm of from 81 to 100 acres. The average size was 95 acres. That would be a very small investment in machinery.

By Mr. Caldwell:

Q. Those men carrying on dairying, do they carry on mixed farming, or dairying only?—A. Mixed farming.

Q. They would not have over $1,175; they would have potato digging machinery, haying machinery and harvesting machinery?—A. I will tell you what we find; it is pretty hard to have hired men and their sons going away, while every farmer is trying to get all the machinery he can, buying it on instal-

ments from the International Harvester Company; of course they find it harder now, because the company since that are not as loose as they were, and they have to put up the money.

Q. They are stricter in their collections?—A. That is why we say farm implements are not exactly what they were three or four years ago, they are not as good as they were.

Now in our Province of Quebec, there is more mixed farming; they have hay, oats, potatoes, and a little wheat, and buckwheat, and of course dairying, but our farmers tell us that they believe more in the dairy industry than in anything else. Years ago they thought hay would be a paying business, but they found it was all right one year but next year did not pay.

By Mr. Sinclair:

Q. I have been greatly interested in the evidence of this witness, and there is one thing I think we will agree to, that he has shown more sympathy with the farmer than many of the men engaged in other businesses, who have appeared before this Committee. He is particularly interested, and well versed, in the business of purchasing milk, and by that means knows a good deal about the farming conditions. Now I wish to ask, what effect on the dairy industry, and the farmers engaged in it, has the free importation of oleomargarine, and the oils and raw materials used in the manufacture of margarine, competing against butter?—A. It is very disastrous. Our experience has shown us that oleomargarine is sold to grocery stores; it is true that the boxes are marked "oleomargarine," but some of the grocers, when they put it on their shelves, call it "cheap butter"; and when the customer asks for some cheap butter, the grocer does not say, "Here is margarine," he says, "All right, here is one pound of cheap butter." That goes on the table and as you know the consumer does not get much satisfaction out of it. They call it "cheap butter" and I don't think the public gets much benefit out of that.

Q. No, I quite agree with you.—A. I may tell you gentlemen, something that Dr. Tolmie will agree with me about, that there is a lot of butter manufactured to-day with cocoanut oil and other nut oils, and we are all surprised that you let that kind of business go on, and allow the goods manufactured from those cheap vegetable oils to compete with the product of our farmers.

Mr. TOLMIE: I have talked with the Deputy Minister about that and I understand they are taking steps to stop it.—A. But they are manufacturing more of it to-day than ever before. They are manufacturing it at full speed and we don't know why the Government does not get after that. We submit that it is unfair competition with the farmers.

By the Chairman:

Q. I suppose if margarine was sold as such, under conditions so that the public would not be deceived, you would not object?—A. Yes, I would. I am asking why you will allow that industry to compete against Canadian farmers, because margarine is manufactured by foreigners and those who deal in it say to us, manufacturers of butter, "Do not pay too high a price for butter or we will ship in margarine." So the dealers in butter here do not buy butter ahead, they do not accumulate a stock of it, because they are afraid margarine will come in and break their price of butter. So instead of letting people manufacture butter and make a stock of it in the summer time for winter use, we have to meet these manufacturers of margarine who say, if you pay too much to the farmers for their butter fat you will have margarine to compete with.

Q. To control your price of butter?—A. No, not quite that, but you will find this will be done; when the price of butter is high they sell their

margarine high. It will be one, or two or three cents less than butter. But it does not cost them any more to manufacture when butter is high. If you inquire when butter was say 50 cents you will find that margarine was sold at 44 cents. Now they can sell it at 20 cents, profitably. So why do you let them keep that price?

By Mr. Tolmie:

Q. Do you know what is the total consumption of butter in Canada? —A. Well, we think Montreal is using about 8,000 boxes a week. We say that if in Montreal they buy 8,000 boxes of butter weekly and we have a population of 800,000 people, then the rest of Canada is using about the same average as we are in Montreal.

By the Chairman:

Q. That would be ten times that?—A. Yes.

Q. It was 240,000,000 pounds last year, according to Mr. Ruddick. And how much margarine was consumed in Canada last year?—A. That I do not know.

Q. I am told that it was about two per cent of the total manufacture of butter. Do you think that interferes very seriously with the manufacture of butter at that proportion?—A. It does not interfere with the quantity, but it does with the price, because I maintain this, that margarine is there just to make the people think that if butter goes to such a price, margarine will be there, and then the farmers do not get any benefit from the increased price.

Q. Do you think margarine interferes with first class butter?—A. I don't think so, no, but if when the price of butter goes up, the people are not anxious to buy poor butter, and poor people, as long as they have got a few cents they will buy half a pound of good butter instead of buying one pound of cheap butter, as I have said, they may buy margarine for butter.

By Mr. Caldwell:

Q. There is one feature that I think has been emphasized and that may be misleading, that is as to the small percentage of margarine manufactured in Canada as compared with the amount of butter. It may be that the manufacture of only a small percentage is due to the fact that permission to manufacture is only granted for one year at a time; for that reason the factories were not equipped to manufacture large quantities, as they might have to cease altogether at the end of the year. If that restriction were removed and they were allowed to manufacture margarine indefinitely as regards time possibly the volume would increase very rapidly?—A. Yes, and we think at the present time there is a lot of margarine mixed up with butter, and that is due to the law as it stands at present. The people who buy that would rather eat butter; they would not eat half butter and half margarine.

The CHAIRMAN: It is about one o'clock. We are very grateful to you, Mr. Fortier. You came here as a spectator and we brought you in to enlighten us and we are very much obliged.

The Committee will meet again at four o'clock.

APPENDIX No. 3

AFTERNOON SESSION

4 p.m.

C. BOURBEAU, called, sworn and examined.

By the Chairman:

Q. Mr. Bourbeau, I understand you are in the service of the Government of the province of Quebec?—A. Yes, sir.

Q. What is your position?—A. I am Chief Inspector of cheese and butter factories.

Q. You are Chief Inspector of cheese and butter factories in that province? —A. Yes, sir.

Q. You have been engaged in this kind of work how long?—A. Since 1893.

Q. You have been kind enough to come here to give us some help in our study of agricultural conditions If satisfactory to you, I would propose that you briefly address the Committee, making such observations as you may think wise under the circumstances, and then give the members of the Committee an opportunity to question you further on the various points which may occur to them.—A. Well, Mr. Chairman, I must admit frankly that this puts me in an awkward position, because my English is not quite up to the mark, and it will be a little hard for me to make a statement without hesitation, although I am quite ready to make it. Perhaps you will permit me to look at my notes once in a while. If it was in French, I would be quite willing to make my statement right through without looking at my notes.

My principal duty is to see as to the quality of the products made in Quebec, cheese and butter, and the condition of the factory, that is, in relation of course to the quality of the produce. I have not the advantage of some of the witnesses who have studied the conditions regarding the cost of production, and so forth; that is not in my line.

Q. Let me interrupt you a moment, for the benefit of those who have come in a little late. You are the Chief of the service in Quebec that examines into the conditions of cheese and butter factories in the province, and the quality of the cheese and butter afterwards; you have been in the service of the Government along these lines ever since 1893, so you must have been there ever since you were a very young man?—A. A rather young man. I will speak of the quality of our cheese and butter and our produce, and if there is a way of improving that quality, and especially to reduce the cost of production and making it, that is, in relation to the cost of production of course.

This country, as you know, is very well situated to make the best goods in the world. I have no hesitation in saying that our country is well situated; we have a nice climate, good water, and good pasture.

Q. When you say our country, do you mean Canada as a whole, or the province of Quebec particularly?—A. I have been through the West, I have been through Ontario and Quebec, and I know them thoroughly, both provinces. I must say also that I know the West by having so many friends out there, and I know the conditions well also, but I know particularly Quebec and Ontario.

The statement I will make will be with regard to Qubeec mostly, of course. We are making in Quebec a little more cheese to-day than butter, but it is getting more even from day to day, and the time is not far off when Quebec will make more butter than cheese. Ours is a very good country and is well situated to make the best country butter, on account of our pasture, our climate and our water. The division of our parish is really an advantage, because in a very small piece of road you can gather in lots of patrons and lots of milk.

Q. You mean it lessens the cost of the gathering of the milk?—A. Yes.

[Mr. C. Bourbeau.]

Q. Will you explain to the members of the Committee just how our parishes are generally grouped?—A. Our farms as a rule are two, three or four acres wide, by thirty in length. The farmers are very near to each other. Take any ten mile run, for instance, you can reach lots of farmers and gather in lots of milk and cream. We suffer in Quebec from our smaller factories. Take ten miles on each side, and you will get very large factories, and the carriage of milk will not cost very much. That situation allows the farmers, or permits the farmers rather to bring to their factories, on account of the short distances, the best quality of milk and cream; in fact in Quebec we are making fifty per cent of our butter out of cream skimmed at the factory. There is only fifty per cent made on what we call the gathering system of cream, that is, Mr. Chairman, in your county especially, in the English part of the eastern townships. In the balance of Quebec the great majority of the butter is made from very sweet cream, because that cream is the product of milk that has been skimmed at the factory.

I told you we were the best situated to have good cream, because that is the foundation of good butter. Out of that fifty per cent of the cream we receive at the factory, there is at least one-half of it that arrives at the factory in a very sweet condition; in fact, outside of Montreal and Quebec, there are very few factories that use any neutralizers for their cream. I think we can count those factories on the fingers of one hand. We do not use neutralization in our factory, because we do not need it outside of Montreal and Quebec and a few other cities. So that is why we are in a very good position. The quality of our butter, if you will allow me to take the statement from the co-operative creamery, an association of farmers to sell their produce, their cheese and butter, in 1922 the co-operative sold 6,507,816 pounds of butter; out of that quantity of butter, twenty-five per cent was pasteurized, fifty-four per cent was No. 1, and 19·87 No. 2.

You may ask me why we do not make a larger proportion of pasteurized butter. The principal reason is that our good cream permits us to furnish good butter, especially for the local market. Our cream being sweet, in the majority of cases the makers do not pasteurize it, although, as I will show later on, I would advise that that system be enforced. I have no doubt that the butter made under those conditions is the best keeping quality of butter.

Q. Under those conditions, pasteurised cream?—A. No, sir, sweet cream, and pasteurized; in fact if you take the results of the contest you will find that if Quebec does not always stand on top of the first score, it is always on top at the last. That means that our butter has the keeping quality, and that keeping quality is due to the condition of our cream; there is no question about that. I mention these facts, gentlemen, not to boast of Quebec, because I am here as a Canadian, not as a Quebec man.

Q. The truth must be known?—A. Exactly, in the interests of all. Now, can we improve the quality of our butter?

Q. Before you pass to that subject, there is evidence given before this Committee to the effect that the three Western Provinces made butter of a very high quality: "The three Western Provinces make butter that is a credit to this country. Ontario and Quebec butter is a disgrace to the country." Now, Mr. Bourbeau, I would like you to tell us what your view is?—A. If I were not under oath, I would like to answer that, but I am obliged to speak the truth. I have a great respect for the man who made that statement, because I know he is a man. I read his evidence regarding the cost of production, and it is really the best work I have come across. When I read his evidence here, I will admit that it was on the basis of what he had heard, more than on what he had experienced himself. There is no question that the Western Provinces

are doing very good work; I know the men who are there, and I know the class of farmers they have in the West; they are very close competitors. In some respects they are far ahead of Quebec, because they have larger factories, they have a more uniform quality, and that has to do with the prices. I know the butter is just the same as any over here. I was a farmer one day; I had an orchard and sold apples. They were really very good apples. I called them No. 1, and I was told that if those apples were all put in the same barrel, they would be bad No. 2's. Why was that? Because the customers will insist that every apple should be of the size and quality of the best. It is just the same with butter. If the Westerners get more money for their butter, I have no doubt that it is because it is even in quality.

By Mr. Sales:

Q. Is it not rather owing to the fact that they have adopted a very rigid system of grading, in the West?—A. Yes.

Q. Which you have not done in the East?—A. Well, we have been grading, not all our goods, but we have been grading cheese and butter in Quebec in the co-operative I spoke about a little while ago, ever since 1910, and last year we did a business of about $9,000,000. Of course it is not every factory that does it, but there are about 25 per cent that have their goods graded. That has a lot to do with it in your Province, because everything is graded there; there is no question about that.

The principal advantage you have is in the co-operation in your sales. You have people who handle the sales of your goods. I do not know Saskatchewan particularly, but I know Alberta. There is a member from there, Mr. Marker; Mr. Marker is the Superintendent of the dairy industry there; he also takes care of the sales, sees to them, and the quality the market needs.

Q. What we have in Saskatchewan is what is known as the Saskatchewan Co-operative Creamery?—A. Yes.

Q. The farmers own it themselves?—A. Yes.

Q. It is controlled by one Board of Directors?—A. Yes.

Q. The work is carried on by the organization, the grading is carried on by the organization, the farmers are not always pleased at the discrimination between the sweet cream and the sour cream which they receive when they draw their product to the creameries, but they insist upon a good grade.—A. That is an advantage to the West; for instance, in Montreal the co-operative sold 25 per cent of graded butter, which was pasteurized, sold it out to the merchants. That butter was sent to England, and we do not know if it was shipwrecked or not, but last summer the price of butter went up and they shipped everything. I am not here to defend Ontario, but if you will allow me to make a remark, I will state what I said at our last meeting of the National Dairy Council. There was a gentleman got up there and said "I have just arrived from England, and they said that the butter from Ontario was rotten" —or something similar to that. I made this remark: I said "Sir, I would advise you to take your medicine as Quebec took its medicine for many years." In Quebec I claim that for many years we have been making just as good cheese as is made anywhere else, although in the quotations Quebec cheese has always been lower, and I know as a fact that lots of Quebec cheese was shipped to England as Ontario cheese, and as to myself, when they have any bad cheese from Ontario, if they name it Quebec, I have my doubts about it. I said "Now, gentlemen, you have a bad name for your butter, and I am afraid that every bad lot of butter that is shipped from Canada will be named as Ontario butter." I have no doubt about that at all.

It is probably a little early to say this, but while I am speaking, in the interests of the dairy industry, I think that every factory should have a brand, a registered brand, so that we may locate that factory and see where the butter or cheese comes from. I will go farther than that and say that I believe that it would be in the interests of every one of the provinces that the name of that Province should be marked; in that case the Ontario people would get on top a good deal quicker, and they would get the merit of their improvements, which is only justice At least let us have the name of the Province. I think we should also have a serial number or mark, so that we can trace the goods back to the factories.

Q. Do you not have that in Quebec?—A. I am sorry to say No.

Q. We have it.—A. That is what protects you.

Q. We are not afraid of putting our names on our products?—A. I know that, but if your butter is sent to Montreal, they will put any name they like on it. They will not take any advantage to put on any other name, because you have already a good name.

Q. We have been shipping direct from your Province?—A. Yes.

By the Chairman:

Q. Do I understand this, that the quality of the best butter produced in Ontario and in Quebec is just as high as the quality produced in Western Provinces?—A. Equal in every respect.

Q. But that the quality is not as even as it is in the Western Provinces? —A. That is my idea, sir.

Q. And the comparatively small proportion of inferior butter pulls down or depreciates the reputation of all the butter of Ontario and Quebec; am I right in that?—A. That is exactly my opinion.

Q. What would be the proportion of inferior butter to the whole butter production?—A. If I may speak for Quebec, the No. 2 at the co-operative was only 17 per cent, because we put a Special only on pasteurized butter. Butter made with non-pasteurized cream, even if it has 95 or 96, it is only called No. 1.

By Mr. Sales:

Q. Can you tell me whether Ontario objected to a system of the grading of butter?—A. That is more than I can tell. I know that in Quebec the makers as a rule do not favour it very much.

Q. They do not favour grading?—A. No, but I think the farmers should. The makers are only the employees of the farmers, and it is up to the farmers to have their goods graded.

Q. The farmer has his cream graded in, and then the butter-makers refuse to grade it out?—A. Exactly. It is the farmer who should see to that end of it.

By the Chairman:

Q. To sum it up, you would feel that remark as to Ontario and Quebec butter being a disgrace to the country is a somewhat extreme statement?—A. I believe so, but regarding Quebec I am sure it is.

By Mr. Sales:

Q. It was made by the men who buy your butter in England?—A. You can never tell, when butter is away from Quebec or Ontario and arrives in England, where it comes from.

By the Chairman:

Q. Before we get away from the comparative excellencies of butter. The same witness stated:

"New Zealand is our chief competitor on the British market for cheese. Unless we introduce some system of marketing in this country that reflects back to the producer the desire of the consumer, New Zealand is going to lick us."

Do you understand what he meant by that?—A. Yes, I know that.

Q. "Australia makes better butter and New Zealand makes better cheese.—A. Yes. Here is our position. We can and do make better cheese than New Zealand's best, because our cheese sells for more, our best Canadian cheese at all times, it sells for more over the retail counters of England than does the New Zealand cheese, the best cheese, but unfortunately we have too small a proportion of it. New Zealand's best cheese is not quite equal to our best, but her whole supply is uniformly good, and it can be depended on by the trade. They take New Zealand first, and take Canada as a second choice, and the reason we have this large proportion of poor cheese is that there is nothing in our system of marketing to make our cheese factories produce better cheese."

Q. That was Mr. Leitch's evidence as it appears on page 135. Have you anything to say about that?—A. I agree with that statement. I agree in every respect with the first statement, that the best quality of our cheese is better than that of New Zealand. I have no doubt about that. But theirs is more uniform, being made in a larger factory. Even if the quality was not quite so good, it is of uniform quality and the customer gets used to it. So that I think he is right. Now about the marketing, it is just the same thing, but with the new regulation—that is the law that came in force on the 1st of April—the grading of our cheese and butter in Montreal, will have a very good effect, in fact, it has already had a good effect, on the quality of Quebec cheese, because we grade a large portion of it. That law became effective on the 1st April for the whole Dominion, and it will have a very good effect in improving the quality of cheese and butter, because the farmers will find out whether their makers made good or bad butter, or good or bad cheese. The cheese and butter will be graded in Montreal and a certificate of the grading will be returned to the producer, that is the president or secretary of the factory, who represents the producer. And if his cheese is of bad quality he will know it. The great difficulty with the way the trade has been conducted until to-day is that an even price was paid for a district, not making any difference with good or inferior goods, or the difference that should have been made, but this will overcome that difficulty because the farmers will be informed of the quality of their goods. If you will permit me also, regarding the statement of Mr. Leitch; if I understood him, he said that the proper place would be at the factory, to grade cheese and butter. We discussed that in our convention, and decided that the only place, in our opinion, where the goods should be graded is in the cold storage warehouse, at the shipping point, and nowhere else. It cannot be graded at the factories because the goods may suffer during transportation. It may be in an immature condition when it is at the factory. So the proper place to grade the cheese and butter is at the shipping point.

By Mr. Sutherland:

Q. Is it not possible that the cheese would deteriorate in quality if it were shipped too green, from a great distance, to Montreal?—A. Yes.

Q. Would it not be better to put it in a local cold storage plant before shipping it such a distance?—A. I agree with that. In fact at our last annual Dairy Council convention I proposed to put in a bylaw forbidding them to ship

cheese before it is fourteen days old. That is one advantage New Zealand has got over Canada. There is some very good cheese made in Ontario and Quebec, and shipped to Montreal, very green, and put on the boats at once and shipped to England, and sold there before they mature, and then there is complaint about the quality, and sometimes the goods were the best cheese made. I think the farmer should protect himself against that practice.

By Hon. Mr. Tolmie:

Q. Was there not a serious objection to the grading of cheese in some sections of Ontario?—A. Yes.

Q. What were the grounds?—A. Well of course everyone would like to have his goods graded at as nearly as possible the first place, but really I do not understand any sound grounds on which they made their objection.

Q. You say the nearer the point of shipment where the grading is done the better you will be assured of the quality of the goods on their landing in the market to which they are shipped?—A. Yes. In Ontario they will have permission to grade at the shipping points, but not at the factory. Quite a few of Ontario people ask that the goods be graded at the factory and not at the shipping point. We do not consider the factory a shipping point.

Q. Will that shipping point always be Montreal?—A. No, sir, graders will be posted at Belleville and I think in Brockville, different points. Whenever they have got a shipping point, they will have a grader there.

Q. And that will be sufficient for the goods to be put on board?—A. That will be for the purpose of grading goods that are shipped through, without stopping in Montreal.

Q. Do you accept that grading in Montreal?—A. Yes. Then if I may continue. To improve the quality and value of our goods, the first thing to be done in Quebec is to have larger factories. You do not suffer as much from the small factory in Ontario, nor in the west, but in Quebec our factories are too small.

By Mr. Sales:

Q. Do you mean a less number of factories, but larger factories?—A. Yes, a less number but larger factories. There are two advantages in that: you will have a more uniform quality, and you will reduce the cost of making. And by improving the quality of your butter you will raise the price. As you know, the difference in price for Canadian and Danish for instance is eight or nine cents a pound. There is no reason whatever for that. You can reduce that difference to a great extent. Even if our butter were just as good, we could not expect to have that difference cut off in one year because they have got their name; but we can reduce the difference and to do so we must have a more uniform quality. You cannot expect to get a uniform quality without having a large factory. That is of first importance.

Q. Does not that rest in your own hands?—A. It is in the farmers' hands, yes. In Quebec reduce the number of factories, and if you are a member from Saskatchewan, in the West get a little better cream; screw down the grading a little more; have the grading of the cream in the West more severe than you have it. Your first grade cream in Saskatchewan particularly, and I suppose also in Alberta, is too aid. In Alberta the first grade is 35 degrees of acidity. I really believe that is too high. In saying that, I speak as a Canadian and not merely a man from Quebec. It is in the interest of Canada that the Quebec factories should be larger, and that cream everywhere should be of the highest quality. In Quebec we receive better cream than you do, but you have larger factories. We ought to get together to improve the quality of the product of the whole country. People who receive cream with a high percentage of acidity, say that if the cream is kept in a sanitary condition, the acidity is not an

objection because we can reduce that by a neutralizer. But when cream is acid, that is due to the fact that it is old, or kept in an unsanitary condition. The older the cream is the more danger it runs from bad fermentation. You can reduce acidity by a neutralizer but you cannot reduce bad fermentation. That is a danger and it is in the interest of the country therefore that we should get together to reduce the percentage of acidity of cream received at the factory. The whole country should join in that and not merely one province. I am working now to have a new regulation made regarding the grading of cream in Quebec. We had one that was very good, but it was too severe, and could not be enforced. If I said to my inspector, across the river in Hull, in the Valley of the Ottawa, Your factories receive bad cream, his answer is that if the factory men receive bad cream, the city of Ottawa will take it. I mention that to show you the necessity of the country getting together to get a uniform grading, and have it as close as possible. There is an objection to that. The farmers claim that it is very hard to get good cream. In Stanstead, and Compton we used to receive cream at fifty and sixty of acidity, and the factory men told us again and again, It is of no use trying, we cannot reduce it. We went at it and now in Compton there are lots of factories that receive cream at eighteen degrees of acidity, and two days old. Under twenty degrees, cream of three days old. What has been done there can be done all through the country. There is no reason why cream should be received at the factories with a large percentage of acidity.

Q. How was it done?—A. By cooling the cream and keeping the separator and the surroundings in sanitary condition. When the percentage of acid is high in the cream, the first thing our inspector looks at is the condition of the separator. Most of the fault is there; more often than the temperature. The temperature has a great deal to do with it, but cleanliness has more.

Q. That is the separator is not washed thoroughly and the germs form there.—A. Exactly. And not only that, but an unclean condition, which causes acidity, will also produce bad fermentation. To confirm that, I can cite the experience of three or four weeks in a dairy school in England. Showing the necessity of cleanliness. On that farm they received the milk at night and did not cool it. It was received at the factory at 90 and 92 degrees. In England, as you know, each farmer makes his own cheese. They were receiving about 1,800 pounds of milk per day, and they received perhaps 1,000 pounds at 92 degrees of temperature; they kept it overnight without touching it, not a drop of cold water under it; it went down to about 65 degrees during the night, but the acidity did not go up a point. Supposing it was at 18 in the evening, it was not over 19 in the morning. But everything that came in contact with the milk was thoroughly rinsed in cold water, washed in warm water and sterilized.

Q. And exposed to the fresh air and sunshine out of doors?—A. Exactly. In Canada we must achieve that condition.

By the Chairman:

Q. You say that if the English people can do it, the Canadians can also?—A. Exactly. The larger factory in Quebec, and better the cream everywhere. We do receive better cream, generally, than the west, but we receive some bad cream in Quebec also and we will do our part to improve it. The larger factory will increase the value of the goods, and decrease the cost of production. It was said this morning by several witnesses that the farmer does not make enough money. I quite agree with them. One way to make more money is to reduce that difference between Denmark butter and ours and this is one of the ways to do it, increasing the price of the butter and reducing the cost of making it. It costs a good deal more to make cheese when you receive four or

five thousand a day than when you receive fifteen or sixteen thousand. It is up to the farmers; as long as they want the small factories, they can get them to make the goods in small factories. If they want larger and better factories, they can have them because they have the control.

By Mr. Bouchard:

Q. Is there in Quebec a law against the multiplication of factories?—A. Yes, in Quebec no one has a right to build a factory without a license. He must have the permission of the Department of Agriculture, and they must build on a sanitary condition, regarding drainage and everything else. In fact most of our factories are in the best sanitary condition, but you are all members of Parliament here, and if you know one thing better than any one else it is that when the public wants one thing it is very hard for you to refuse it; it is very hard to make a law when the public do not want that law.

By the CHAIRMAN: And harder still to enforce it.—A. Exactly. So as long as the farmers want small factories, the Government will probably feel obliged to accede to their wishes. It is necessary to educate the farmers on this subject. There is always a practical side to the thing and we do all that is possible. Last year I closed 65 factories and I wrote to 680 factories that if they did not improve they would be closed. In 1912 a law was passed for the regulation of the factories. Every factory that was then in working order received a license without an inquiry into its condition, because we did not want to close too many.

By Mr. Sales:

Q. How many factories have you?—A. 1,867 in the Province.

By Mr. Bouchard:

Q. And in 1912?—A. We had then over two thousand. I think we went as high as 2,300 but I am not sure of those figures. We are reducing the number every year.

Q. Cheese or butter factories?—A. Both. I could give you exactly the number of cheese, butter and combined factories. I have got them here. We began to shut the works and we have kept on until to-day. During the war we had to stop shutting down factories, on account of the high cost of material, and then two years ago, we began again to close them. Last year there were left 600 in good condition and every one had to improve to put them in good condition.

By Mr. Sales:

Q. I don't think we had more than 20 in our Province.—A. I thought you had 57.

Q. Not what you would call factories.—A. That is a great advantage, to have but a small number. When I speak of the number, it must be remembered that I am speaking of the average factory. For instance we have to count the newer sections of the Province where there are very small factories, such as those that run only two months in the year. That reduces the average. We have butter factories making less than 25 boxes of butter a week. You must consider that there are some factories that make hardly anything but yet they are in good condition. I think now I have covered the principal items that I wish to speak about. I should be glad to answer any questions. As I said to the Chairman, I suppose you gentlemen understand the awkward position I am in, speaking a language that is not my own, but as a Canadian I think a man should do always what he can. That is why I speak in English.

The CHAIRMAN: If we could all speak French as well as you speak English, sir, there would be no bilingual question. Are there any further questions? If not, Mr. Stonehouse is waiting.

By Mr. Bouchard:

Q. I should like to ask the witness his ideas of oleomargarine.—A. There are two witnesses here that I think will answer that thoroughly. They are the President and Secretary of the Dairy Council. I am not in favour of it. I am sure it is not in the interest of the farmer, and I am just about sure that it is not in the interest of the consumer, because it is offering him a substitute that has less value than he pays for.

By Mr. Sutherland:

Q. You stated that if they had bad cream over in Quebec, there was an unlimited market here in Ottawa. Can you explain the failure on the part of the people of Ottawa to discriminate between good and bad butter?—A. Yes, I will explain that and what I say of Ottawa will explain other cities. Ottawa is not worse than Montreal. It is because these men buy cream, and take the best to make ice cream, or to sell the cream au naturel, and the balance they make into butter.

By the Chairman:

Q. Are they not almost as wicked as the manufacturers of oleomargarine? —A. I do not say that sir, and that is not the intention. They sell that butter to a local market. For instance a manufacturer in Montreal sells as much as 14,000 pounds of butter in a day; I think his average is 9,000. That is good butter, even if it has not good keeping qualities. That does not hurt anyone who uses it at once. But it must not be kept too long. If it was only that I would have no objection whatever to the people of Montreal or Ottawa receiving a cream that I do not think is quite first class. The objection is this, sir, that as long as Ottawa, Montreal or Quebec will receive cream that may suit their purposes, and may suit their customers, it will be a hard job to make an improvement in the locality where these gentlemen buy that cream. For instance in your county, Mr. Chairman, when the inspector says to a butter maker, you are receiving bad cream, the answer that is made is, if it is refused it would go to Montreal. That prevents improvement, and that is the only reason why I am against it. I know that with that cream they can make butter that will suit their local market.

Q. But it is not butter which would stand export and if it got into the export trade it would hurt the reputation of the country's products.—A. Yes, they make some very good butter, but on the average, no, and if you take the whole of their butter for exportation, it would not add to the reputation of Canadian butter and that is the objection. Then there is this objection also that if they sell their brand of butter in any city, it will induce the farmers to furnish bad cream to their factories.

By Mr. Sutherland:

Q. I notice in the treaty that has been arranged with France, there is an increase in the tariff on salted butter and a decrease on fresh butter. Is it possible to ship fresh butter?—A. Yes. We made at the Dairy School in three factories last year butter without any salt whatever, for export to Belgium, and we gave entire satisfaction. And I would say to my friend from the West, that part of it was made with gathered cream, and with good quality cream that had been received three days, to show the possibilities. I am not against that system of gathered cream as long as it is controlled.

Q. And it is possible to ship unsalted butter?—A. Yes, sir.

Q. To export it?—A. Yes. This year not more than two per cent will be marked in that way, not for the British market, not for exportation.

By the Chairman:

Q. I understand, Mr. Bourbeau, that since the first of this month all butter for export has to be graded?—A. Butter and cheese.

Q. You think that is helpful?—A. It will be a great help. It is a new thing. The farmer must not grumble if there is a mistake. I know the capacity of the men; they are good, honest men, and it will work out all right; there is no question about that.

Q. You think it will give good results?—A. I do think it will give good results.

Q. In giving our farmers a better price for their butter and cheese?—A. They will get a better price for their butter and cheese. Of course I do not expect that there will be no kicking.

Q. I have heard of farmers protesting against it.—A. It is for the benefit of the whole country. That is the only way to make a reputation for our goods.

By Mr. Bouchard:

Q. You think pasteurization will improve our butter, the quality of our butter?—A. I think we can never make a name for our country if we allow unpasteurized butter to be shipped; that is my opinion, and I think a by-law should be passed forbidding the exportation of butter that is not pasteurized.

Q. What is the proportion of pasteurized butter, in the Province of Quebec? —A. Last year we had 17 per cent from the factories that had pasteurization. With the bonus the Government gives, we expect to increase that to probably 25 or 30 per cent this year.

By the Chairman:

Q. Does the Provincial Government of Quebec bonus factories which have installed pasteurization plants? After a pasteurization plant is installed, Mr. Bourbeau, does it cost much to pasteurize the cream as it comes in?—A. It costs more because they must keep up the steam.

Q. Is it a costly process; what does it add to the cost of making butter?— A. The coal and the labour that is all.

Q. What about the labour?—A. If a man stays two or three hours more at the factory, it will not amount to anything; it will not increase the cost regarding labour to any extent.

By Mr. Bouchard:

Q. How can you figure on the cost of butter after pasteurization?—A. It is very hard to tell; it depends upon the quantity. In a small factory it costs a great deal more than in a large factory, you will understand that. It is very hard to make a statement on that question.

Q. What would be your own rough estimation?—A. At least half a cent, and the co-operative is paying one cent above unpasteurized butter this season, which covers every expense.

By the Chairman:

Q. You think it would well repay the producer, in the increased price? —A. There is no question about that.

Q. Let me ask you a question here; would it not pay our cheese producers well if we allowed our cheese to mature for a considerable length of time before being put on the market?—A. Yes, sir.

Q. Is there any way in which the people can be induced to do that?—A. I do not think there is any way except by law.

Mr. SALES: Mr. McMaster will not agree to that.

WITNESS: Since twenty years every utility in Ontario and Quebec began by Mr. Ruddick, down to the local inspector. We have had our conventions, and we have said that they are ruining our market with green cheese, and instead of having less green cheese shipped, it is getting more every year. I saw some cheese in England that was not fit to eat. It was of A-1 quality, because as a cheese maker who has not done anything else all his life I say that the cheese was of A-1 quality, but the man who bought it in England said it was too dry altogether, the texture was not right; that is against the interests of the farmers again.

By Mr. Sales:

Q. You think it is in the interests of the farmers and in the interests of the country as a whole that the Government should step in and say that you should not be allowed to do this or that?—A. That is my opinion. I do not think there is any other way, because we have been trying to do it for years.

By Mr. McKay:

Q. What about cold storage?—A. That is good.

Q. What temperature do you advise?—A. We advise a temperature of between 58 and 60 degrees, which ripens quick enough but not too quick.

By the Chairman:

Q. After the cheese is made, how long should it ripen in order to bring it to perfection, in your view?—A. That is a hard question to answer, a very hard question. We claim that when the ripening begins, if you give it a certain length of time, say four days, a certain process goes on, and it will keep better even in cold storage. It depends upon the taste of the consumer. I do not like cheese any less than six months old, while you may like cheese a month old. It takes about a month before it breaks down to any extent. At 60 degrees it should not be eaten before a month anyway.

By Mr. Elliott:

Q. Have you investigated the possibilities of making a smaller cheese for the home market?—A. We are just now advising all our small factories to get into that kind of business. In the County of Charlebois, where they do not get more than 2,000, which is considered a big factory, most of such factories are making small sized cheese weighing from 20 to 30 or 40 pounds, for the local market. We are trying to turn every small factory into a local, which would increase the consumption of our cheese.

By Mr. Sales:

Q. Would you consider a ten-pound cheese as practicable?—A. Yes. We have even in the County of Levis some factories which make two pounds, and it sells like hot cakes.

Q. Does that cheese go into our western country?—A. They do not make enough even for the Quebec market; everything is taken. They make that little cheese soft; a family can buy it, and it does not last very long.

By the Chairman:

Q. Especially in a Quebec family?—A. Yes. In an English family it would last ten days, but in a family where there are ten children, it will not last any time.

Q. Let me ask this question, Mr. Bourbeau. What is the future in fancy cheese? I remember when we were studying reciprocity, about twelve years ago, I examined into the question of the amount of cheese imported into the United States from Canada and imported into the States from other countries, and there seemed to be an enormous quantity of fancy cheese imported for the New York market from Switzerland, France and other parts. What is the future for fancy cheese-making in this country?—A. You have to form a constituency in which to sell. To-day there is not a large demand, but it is for the advantage of the country that we should develop the manufacture of such cheese, and there is no reason why we should not consume more cheese than we do to-day. They eat lots of cheese in the United States, and they have lots of variety there. They make three or four different kinds. In Madison they make lots of kinds of cheese; they make an imitation of a French cheese.

By Mr. Sales:

Q. Can you make it in Quebec?—A. No. We have two sections where they make fancy cheese; in the County of Chambly they make some that is very nice, and in the County of Iles-de-la-Madeleine they make another quality that is very good, but these are the only places I know of.

Q. What about Limburger—you draw the line there?—A. Yes.

By the Chairman:

Q. Do you know anything about these grades of cheese found in the restaurants; what are they made of?—A. I would rather not tell.

Mr. SUTHERLAND: Skimmed milk.

Mr. HAMMELL: Not skimmed milk.

WITNESS: He is probably right. I believe I know, but I have not the proof, so it would not be honest on my part to say.

By Mr. Sutherland:

Q. It is not rated very high in quality?—A. Some people like it. I would rather buy good Canadian cheese, for my own part.

The CHAIRMAN: We are very much obliged to you, Mr. Bourbeau, for your attendance here, and for the information you have given to us.

By Mr. Hammell:

Q. If Kraft cheese was made of skimmed milk, how is it that it is about 10 cents a pound dearer than Canadian cheese?—A. You cannot question the taste of the consumer.

By the Chairman:

Q. There is no accounting for taste?—A. The caprices of taste are inexplicable.

EDWARD HEATH STONEHOUSE, called, sworn and examined:

By the Chairman:

Q. Mr. Stonehouse, where do you live?—A. I live in York County.

Q. Near Toronto?—A. Yes, sir.

Q. What is your post office address?—A. Weston, Ontario.

Q. What occupation do you follow?—A. I am a dairy man.

Q. Does that mean that you are the man who distributes the milk in the city after raising it on the farm?—A. I am the man who raises it on the farm.

Q. You are also connected, I understand, with some association of dairymen?—A. I am President of the Toronto Milk Producers' Association, of the Ontario Dairy Association, and of the National Dairy Council of Canada.

Q. You come before us representing those three bodies, also yourself?—A. Yes.

Q. We are examining, as you know, the agricultral conditions in Canada?—A. Yes.

Q. Generally witnesses have made some statement and either as they have gone along or afterwards they were subjected to questions. Do you care to follow that method?—A. I am at the disposal of the Committee, Mr. Chairman.

Q. We always give the witness his option, whether he would like to be questioned, or to make his statement and be questioned afterwards. It often results in a witness being questioned all the time, as he goes along.—A. Possibly I would like to make a short statement, then I think possibly this Committee will get more by questioning me along the lines that would be of peculiar interest to the Committee, the information they would like to obtain for their own purposes.

I might say, sir, that in my official capacity I represent about 250,000 dairymen in the Dominion of Canada, and my interests have always been with dairymen, particularly the men who are producing milk on the farm for the various purposes of the industry. From my earliest connection with the industry my activities have run along the line of organization, organized dairying and co-operation as far as it can be carried on in the production and in the distribution as well as in the marketing of milk and its various products.

During the last few years, the last two years particularly, the dairy industry, together with all other branches of agriculture, has been passing through extremely difficult times. I am not a pessimist, and I do not like to hear people making a poor mouth of things at all, but truth compels that we should get right down to the very bottom of this thing. If we are going to be able to prescribe a remedy, or if a remedy is to be arrived at.

I feel that we have our responsibility in this matter. It would be useless for the producer to say that the fault or the necessity for improvement or for advance or for getting out of the difficulty in which we find ourselves, all lies with the other fellow. We have our function, the manufacturer has his function, the distributor and the man who is marketing all have their functions in this matter, and in order to get out of our difficulties, it means that we must all more or less work together.

Getting right down to cases, I wish to say that to my mind the solution lies in two directions, first, in economy in production, which covers a very wide range of subjects, then economy in marketing and the elimination of the purely speculative interests that comes between the producer on the one hand and the consumer on the other hand.

Now, in regard to the producer first, of course when we speak of economy in production, I have read the reports of the evidence given before this Committee, and I think that that question has been quite fully dealt with, that as far as the farmer is concerned there are certain basic principles; perhaps the first is in herd improvement, then the best methods of production, leading up to a product that lends itself to the very best, in regard to the manufacture of our surpluses. I wish here to say that in regard to prices for dairy products, in a country of this kind, which is producing many more times or much more of the product than we can possibly use in this country, where we have to export our surpluses the governing condition of prices in this country is the

foreign market, the country to which we export our surpluses. We cannot get away from that and that is going to be, has been always, and always will be, in my estimation, the governing factor that will have a distinct effect on prices all along the line.

When we consider production, we find that our producers have certain very difficult problems to face, but they can be summed up to-day in this particular way, that dairy men, in common with all other agriculturists, owing to the unorganized condition of their industry (we have a certain amount of organization in our industry, fortunately, or we would have been going into a good deal worse condition than we are to-day)—owing to the comparatively unorganized condition of our industry, when prices dropped to very low levels for our products all along the line, prices remained at a high level for things that we had to buy, all along the line. That simply brought us to the crisis we have been facing for a couple of years, and which is intensified to-day. We find to-day that our dollar is purchasing possibly fifty or sixty cents worth of the other fellow's product. The effect of that all along the line is that we cannot purchase, although we need machinery to-day all over this Dominion as we never needed it before; although we need clothing—and I know the farmer, because I am in constant touch with him—the average farmer in this country wants clothing, he wants boots and shoes, household necessities of all kinds as he never wanted them before, because he realizes his inability to purchase these things to the extent he really needs them in his business and in the comforts and necessities of his own home.

If to-day we had an equalization of conditions, whereby a dollar's worth of the dairyman's money or the agriculturist's money would by a dollar's worth of the other fellow's goods, our conditions and our problems would be largely solved. But until we can approximate that condition, I do not see any possible way of preventing an exodus of our people from this country and a further deterioration of our industry. I feed that we have our own responsibilty, in the first place, in producing and in economy in production; but in order to obtain that, in a great many cases the labour situation lies at the root of it all. That is to say, we are working to-day, with our depleted man power, possibly harder than we ever worked before, making it an extremely difficult thing to produce the quality in these products. Our friends say, talking about the quality of a product, an article that will produce a splendid manufactured article, the loss of our man power and our inability to purchase man power or to pay the wages that will obtain efficient help, lies possibly at the bottom of one of our chief sores, that we have not the man power to produce the stuff and the quality of the product that is necessary in the business.

Then in connection with our feeds and our feeding. We find that our own native grown feeds are comparatively low in price, but the dairy man is in this peculiar position, that he usually has to purchase a very large quantity of feeds, commercial feeds, feeds that he obtains in our own country, from our Western Provinces and in some instances from across the line; we have to buy a considerable quantity of feed stuffs: Not only that, but in regard to our own native feed stuffs, our bran and our shorts, we find that even with our will to buy we have not either the available income, our wheat is being shipped out of our country, and milled out of our country instead of being milled in the country in which it is produced and the by-products made available for our own people. That is a very difficult question to answer, but I think it is one that must be handled properly in our interests.

Then the labour situation, the one I have referred to is one of the most difficult and the most disastrous questions, as far as we are concerned. When

we talk about the wages the average farmer can pay for a hired man, he will tell you $30 a month is all he can afford to pay.

Q. And board?—A. And board, yes. Compare that with the prices Mr. Hughes paid for labour, as he mentioned this morning in his evidence, of $5 a day for men who possibly are not a bit more efficient than the men we would have to employ upon our farms.

In all this country, whether we take it in railroading or in any branch of manufacture, the differential that is paid to the man who is engaged in other industries or employed in other industries, over the price we can afford to pay to the man on the farm, is further draining our farms of our labour, and in my opinion we have to have some equalization in regard to the prices paid for labour in this country of ours, before we are going to get very much further.

There are also a good many things I do not wish to cover, because they will come out in the discussion, Mr. Chairman, but in the manufacture of course it has been brought out very plainly this morning that a first-class article of butter, cheese, condensed milk, or whatever it may be, cannot be obtained without the basic product, the milk itself, good, sanitary and of good quality. They are asking that we produce these products up to the requirements in these products, which will command a higher price in foreign markets.

When we talk about grading and about methods of improvement, it means that the producer on the farm must be paid for the increased care and the increased expense that is involved in the production of an article of that quality. That is where we have to start.

Then of course when we have that quality in the basic product we will naturally get a better product all along the line. A little while ago there was some mention of the opposition of the Ontario dairy man to the grading of cream. I think that was the question which was up for discussion just then. I wish to say most emphatically that there is no opposition among either the manufacturers or the producers to the principle of grading. The principle of grading is accepted, but the method by which it can be carried out in fairness to the producer first, then to the manufacturer, is something that is a very moot question at the present time. In Ontario we are looking for information and instruction, and are looking to the Western Provinces, where it has been done and done successfully.

Q. When you use the word " manufacturer " you refer to the butter maker or the cheese maker?—A. Yes. There is no opposition to grading, but taking Ontario and Quebec, for instance, they are old provinces in the manufacture of dairy products, they have old systems, old methods that they have been following for years and years, under which they have become confirmed over years of use, and to just revolutionize a thing requires a great deal of consideration, education and regulation, as well as a considerable period of time in order that that education may become effective.

We have to have the co-operation of the 100,000 men on the farms in Ontario, dairymen, or 250,000 in Canada before we are going to get very far, because while we have a certain number who are willing to fall in with these improved methods, if we have a very large percentage who do not or will not fall in, in the very nature of things we are not going to have a very rapid advance in the quality of a product, because one can of the cream we have heard referred to to-day will make the same amount of butter or the same kind of butter we have heard referred to to-day.

It is the same in regard to cheese; we have to have the same kind of thing in regard to the manufacture of cheese.

I pass on now to our marketing methods. In the province of Ontario and in the whole of the Dominion of Canada as a matter of fact, the marketing system under which agricultural products have been marketed, and our butter,

and particularly our cheese, we have a periodic production, that is, we have the vast bulk or volume of our product produced in a comparatively short period in the year. It means that every cheese factory practically has to market its cheese at that specified time, or that period of greatest abundance, and it is thrown on the market without any provision being made for it in any way, shape or form as far as the producer is concerned, thus making it possible for the speculative interests to come in, concerning that product and making in a good many cases excessive profits, which go into their pockets instead of into the pockets of the producers, thus reducing the profit to the producer, reducing his purchasing power, and reducing markets in other directions. There is one of our great difficulties, the cornering of our agricultural products and the exploiting of them in the interests of a few men to the detriment of the consumers as well as the producers.

It might be of interest to the Committee to say that we have been trying to do something in Ontario during the last few months in the way of co-operative marketing of cheese; a sales organization, handling the large volume of our cheese in Ontario. We will be glad to co-operate with the whole Dominion in that respect. We think that until we get a more systematic method of marketing whereby the market instead of being glutted at one period of the year and starved at another with tremendous fluctuations in price, low in the period of greatest production and high when we have nothing to sell, we shall remain practically where we are to-day.

By the Chairman:

Q. Have you thought of whether there are any artificial factors in the economic situation raising the price of what the farmer has got to buy as a consumer?—A. Yes, I think there are, although they may be legitimate. For instance, machinery. It is a business proposition; the manufacturer counts the cost of his materials, labour and overhead, profit and so on and arrives at a price.

Q. I would not call them artificial factors, I would call those natural factors in arriving at price.—A. Well, I should not call it artificial either, but through their organization they are able to maintain conditions which make it profitable for them to produce.

By Mr. Sales:

Q. When they have their warehouses filled, if the demand falls off, they can close the factory down and cease production?—A. Quite so.

Q. But if we did the same what would happen?—A. If we could we might possibly remedy our conditions, but unfortunately we cannot. When a manufacturer has an overplus, he can stop production, but when we reach the condition that we have arrived at to-day where our fixed charges are so high, rents, labour and all that sort of thing, and we have to meet those charges, instead of slackening up on production, every one of us feels that we have to produce twice as much to meet our charges and we are making the condition that much worse.

Q. Absolutely.

Q. I do not know whether it would be of interest to the Committee, but I was very much interested in the statement of the United States Secretary of Agriculture not very long ago when he said that it is looked upon as heretical to preach limiting production, but surely if it is legitimate for the manufacturer to do it, I do not see very much wrong in it being followed by the farmer. But it is not practicable as an economic possibility.

Q. I do not know that your co-operative marketing would have any effect on that. What do you mean by co-operative marketing?—A. It means that instead of selling a product through a lot of channels, we would sell the product through practically one channel. That is instead of having a lot of organizations marketing a certain product, you would have a great volume of the same product marketed through one organization.

By Mr. Sales:

Q. You would call them a Cheese Board, would you? You have heard of my friend's Wheat Board.—A. Yes, you could call it a Cheese Board.

By Mr. Robinson:

Q. But it would be co-operative?—A. Yes.

By Mr. Sales:

Q. I agree with you, Mr. Stonehouse, to a very great extent, but I would point out one fact, Mr. Chairman. In the fall of 1919, in my province in the West, the frost came before we got our potatoes out of the ground; we had only about half of them out. I think I might say that half the potatoes of Saskatchewan were frozen in the ground. But we got twice as much money for the half of the crop we saved, than we would have got if we had harvested them all.

The CHAIRMAN: Did any people go hungry for potatoes in Saskatchewan?

Mr. STONEHOUSE: The principle of co-operative marketing extends beyond the selfish one. We think that by co-operative marketing we can so feed the market that you will not have those periods of ebb and flow to the extent we have at present. There will be a sufficient quantity of a product for the consuming public at all times, at a price well within reach. So that instead of limiting the product, we would increase the use of it, and continually increase it so as to absorb increased production.

By Mr. Robinson:

Q. That is the point I want to get at. You say co-operative marketing would go further than just what you said a few moments ago?—A. Yes.

Mr. SALES: The effect of it would.

Mr. ROBINSON: Yes, but in principle it would.

By Mr. Sales:

Q. The effect of it would be as Mr. Stonehouse mentioned. First with regard to cheese, if you will allow me for a moment, Mr. Chairman? You spoke of dumping cheese on the market. Is there a time when you get a very low price for your cheese?—A. Yes.

Q. Can you tell us what that would be per pound?—A. I think the low price last year was about 12 cents.

Q. But in the West, Mr. Stonehouse, where we eat Ontario cheese, we never get it for that price, and I do not believe there is any fluctuation in the price of cheese or has not been for several years. It is always about 30 to 35 cents a pound.—A. While that cheese was at the low point, the price to the consumer in the Old Country and the price to the producer might vary 100 per cent; the price to the consumer over the counter in the Old Country did not vary more than a cent or two per pound.

By the Chairman:

Q. Your idea is that someone steps in and buys largely of the cheese at the low price and then holds it until the price goes up?—A. Yes. There is no doubt about that.

Q. And you say there is no reason why through co-operation the farmers should not hold their own cheese?—A. No reason whatever.

Q. And that would not result in any increase of price to the consumer?—A. It should not.

Q. But perhaps the reverse?—A. Yes.

Q. And it would result in greater profits to the farmer?—A. Yes.

By Mr. Sales:

Q. Would that mean that you would require cold storage?—A. Yes.

Q. Owned and controlled by the farmers?—A. Yes.

Q. And you would keep this cheese and feed it to the market?—A. Yes, cheese and other perishable products.

By the Chairman:

Q. Is there anything to prevent farmers joining together and taking space in the cold storage warehouses?—A. No, sir.

Q. Can you rent space?—A. Yes.

Q. There is cold storage in Montreal owned by the Harbour Commission, that is I think not full?—A. That is what we are trying to bring about, an organization by which we can make use of those facilities to our own advantage and the advantage of the other fellow.

By Mr. Sales:

Q. What was the number you said you represent, was it 250,000?—A. That is practically all the dairymen of the Dominion. I say I represent practically, as President of the National Dairy Council of Canada, all the dairymen of Canada.

Q. But you cannot represent those who do not belong to your organization.—A. Well, we are not an organization in the sense of the term that we have individual members. We represent as the National Dairy Council the industry as a whole. We are working in the interest of the man who does not belong to any organization.

By the Chairman:

Q. What does your Council consist of?—A. The Council consists of representatives of other bodies.

Q. And those bodies do not represent of course all the different persons in their various lines of activity?—A. Oh, no.

Q. But the Council represents the actual members of those different constituent bodies, and is a self-constituted representative of those other people in the country whose interests are identical with your own?—A. Yes, the activities of the organization extend to every dairyman in the Dominion. For instance the 20 per cent reduction in cream rates, every man gets it or should get it.

By Mr. Sutherland:

Q. How many members are there of this Council?—A. About forty members.

By the Chairman:

Q. Name some of them will you?—A. Well, starting at home, there is the Ontario Milk and Cream Producing Association, The Canadian Creamerymen's Association, The Eastern and Western Dairymen's Association.

By Mr. Sales:

Q. These will be members?—A. Yes. That is the organizations elect their representatives, who are members of the Council.

Q. What reduction in cream rates were you speaking of?—A. We have been applying for a reduction in cream rates. Some time ago cream rates were raised 35 per cent, was it not, Mr. Scott?

Mr. D'ARCY SCOTT: No, 20 per cent, cream rates, by express.

Mr. SALES: Then this applied all over the Dominion?—A. Yes.

Q. And came into effect when?—A. On the 1st April.

By Mr. Milne:

Q. If the farmers put their products in cold storage, have they any trouble in financing the transaction, getting money on them?—A. No, no trouble whatever. As to this co-operative organization, to which I refer, the banks have been consulted and are behind the proposition, and willing to advance money for the purchase of cheese up to 80 per cent of its current value, as an advance payment on the cheese.

By Mr. Sales:

Q. That is when it is taken into store in the proper warehouse and warehouse receipts issued for it?—A. Yes.

Q. Then there is this feed proposition that you spoke of, from the United States. What feed is that?—A. It is corn, and corn by-products very largely.

By the Chairman:

Q. Would you like corn to be kept out by tariff?—A. No sir.

Q. I had a letter from a farmer the other day and he seemed to think that would be a good thing. Perhaps he lived in the corn-growing area.—A. Perhaps so.

By Mr. Sutherland:

Q. How do you account for the factories not taking advantage of the cold storage facilities they have now and holding the cheese for a better market?—A. They cannot afford to.

Q. Surely they are not in straightened circumstances?—A. That may not apply to every factory but to the great majority of factories.

Q. The majority of factories are in Western Ontario?—A. No, the majority of factories in Ontario are in Eastern Ontario, and they are in every case small factories and small producers as far as volume is concerned.

By the Chairman:

Q. But with the co-operation of the banks, by storing it in cold storage could they not hold it?—A. Our project is advancing them 80 per cent as soon as their product is received by the organization.

By Mr. McKay:

Q. What interest charges would the bank make?—A. It would be the usual interest charges.

By Mr. Sales:

Q. What is the usual charge?—A. I think it would run about six per cent or possibly seven.

By Mr. Sutherland:

Q. Would it not be possible for any factory for instance in Eastern Ontario to get credit at a bank for their cheese in cold storage?—A. I think it would be possible.

By Mr. McKay:

Q. What length of credit do you get?—A. Until the cheese is sold. Of course this scheme is not in operation yet, but the policy of the organization is to market the cheese continually.

By Mr. Sales:

Q. You are aware, Mr. Stonehouse, that they are advising the Western farmer to go into dairying very considerably?—A. Yes.

Q. What effect will that have on you, when the larger production comes in, and what effect on the price, and what effect will it have when the Western farmer wants to use his own bran and shorts, have you thought of that?—A. Yes. That is another reason why I am so anxious to clear up market conditions. Do you mean the competition from the West?

Q. Yes.—A. I do not fear it. I think there is plenty of room. First in regard to cheese; in this Dominion of Canada we are using less than three pounds of cheese per capita per annum. In Britain they use about 12.

Q. Should we put on a campaign to "eat more cheese?"—A. Yes sir, that is what we are trying to do.

Q. What about the bran and shorts when we try to use our own out West?—A. Then we will have to grow our own roughages to a greater extent and we can do that.

Q. That result will be inevitable?—A. Yes.

By the Chairman:

Q. I suppose you are too young to remember, Mr. Stonehouse, but the farmers have told me that about forty or fifty years ago the whole agricultural economy of Eastern Canada had to change. In Quebec and Ontario they grew wheat as a cash crop and they had to change their whole scheme of things and I suppose what his forefathers have done the present farmer can do?—A. Yes. If I had not gone out of grain farming and into dairying I would have been in the poorhouse.

By Mr. Sutherland:

Q. Mr. Stonehouse apparently speaks for the most representative body of dairymen we have in the country. Would it be possible to have a brief statement from you with regard to the effect of oleomargarine on the dairy industry? I mean its manufacture and importation?—A. I hardly know where to begin. It is not long since its importation and manufacture was not allowed in Canada. That was for very good and sufficient reasons no doubt. The reasons were that this was a great dairy country, producing a dairy product in abundance, and there was no necessity for it. And secondly the difficulty of regulation. In the United States the question of regulation has been a very serious and expensive one. When it came to war time, and when fats were so necessary overseas for the fighting men, the request was made to the dairymen that the importation and manufacture of margarine be permitted as a war measure. The dairymen were as loyal as anyone else, and we would have eaten axle grease if necessary, but we pointed out the fact, the dairymen, at that conference, when that was under discussion, of the serious difficulties encountered in other countries through its admission and its manufacture, and

we said, we are afraid of the same thing occurring in Canada. Therefore the express promise was made by the Government of that day that it would be permitted as a war measure only, and at the close of the war or one year after, would be relegated to its former position. That was a distinct promise made to the dairymen of Canada.

By Mr. Sales:

Q. By whom?—A. By the Government of that day. Since that, in spite of the protests of the 250,000 dairymen that I mention, owing to the representations of two or three companies that have started to manufacture in Canada, this course has been fastened on us, and is here to-day. We cannot understand why the protests of 250,000 dairymen should be ignored, and the requests of a couple of manufacturing concerns should be acceded to.

By the Chairman:

Q. Do you think that is quite a fair statement?—A. Yes, I think it is Mr. Chairman.

Q. Are there not very numerous demands from Local Councils of Women and bodies of consumers throughout the country, in the contrary sense? I am not pre-judging the question, but I merely ask you if that is not so?—A. Of course there have been those requests.

Q. Then the action of the Government was not determined merely by the representations of the manufacturers of oleomargarine in continuing their liberty to manufacture; I think there has been a public demand, how strong it is is a question, for its admission.—A. We feel that there is no necessity for it, in the first place; that we are producing a sufficient quantity, and we are exporting large quantities of dairy products; why should we—if we can call it a food product—have it in this country in competition with dairy products, when its food value is conceded to be a great deal less than our product, and when it is so very difficult of regulation? It is coming on the market continually; it is listed as a dairy product—although it should never have been—and it is being purchased and sold as a dairy product and used as butter. You can regulate it from the manufacturer, but when you get it distributed through all the eating houses in this country, it is an impossibility to regulate it or to control it in any shape or form.

By Mr. Clifford:

Q. Which would you rather have, a pound of good margarine or a pound of poor butter?—A. Rather than some butters such as were referred to a while ago.

Q. Have we not a lot of poor people, who work in mines and such like, who cannot afford to pay 60 cents a pound for butter?—A. Yes, and if the saving were to go back to those poor people, well and good, but the saving is not given to them. In the case of mines, and in other similar circumstances, the company purchases margarine and passes it over to the people as butter and the people are forced to eat it who don't want to eat it, and the company very often itself reaps the benefit.

By the Chairman:

Q. Are there not a lot of poor people in towns who feel they cannot afford good butter and buy margarine to spread on their bread?

Suppose they can afford margarine, and cannot afford good butter, would you say they should do without the spread for their bread?—A. No I would not say that at all.

Q. What would you say they should use on their bread?—A. As far as the difference in price is concerned, they are getting better value in the butter they buy than they are in the margarine they buy.

Q. Suppose the poor man's wife does not think so; if she thinks that she is getting better value for her family in buying margarine at some cents a pound cheaper than she could buy first rate butter—then Mr. Bouchard remarks that she is wrong. Even suppose she is wrong, do you think the state should say, You have got to buy butter, even though she would rather buy margarine? —A. I think she should be protected.

By Mr. Munro:

Q. Protected against her own will?—A. Yes.

By Mr. Sales:

Q. Have you found, Mr. Stonehouse, that the prices at which you have been able to buy milk have given you a profit in the last year or two?—A. Do you refer now to my own business or to the business generally?

Q. Generally. Perhaps you are an exceptional man, who specializes?—A. Yes, I am, and I supply a specialized market. But as regards the average dairyman over this province, he is not breaking even.

By Mr. Sutherland:

Q. How do you account for 6,396,000 pounds of butter being imported into Canada last year?—A. There are certain seasons of the year when our production is low. There is an ebb and flow of butter you know, but in the total we are exporting butter from Canada.

Q. To many different countries, and yet we are importing nearly 7,000,000 pounds.—A. Yes.

By Mr. Sales:

Q. Can we stop that, Mr. Stonehouse? When New Zealand has got more butter than she needs, she sends a shipload over here.—A. We cannot stop that, no.

Q. You would not be in favour of levying a duty against butter coming in? —A. No, I am not a protectionist. I do not want protection at all. All we want is fair play.

Mr. SALES: Good.

The CHAIRMAN: Equal rights for all and special privileges for none?

Mr. SALES: Amen.

The CHAIRMAN: We will meet again to-morrow at half past ten.

Adjourned at 6 p.m., Thursday April 12, 1923, until 10.30 a.m., Friday, April 13, 1923.

HOUSE OF COMMONS,

COMMITTEE ROOM 268,

FRIDAY, April 13, 1923.

The Special Committee appointed to inquire into agricultural conditions throughout Canada met at 10.30 a.m., the Chairman, Mr. McMaster, presiding.

The CHAIRMAN: I have received a letter from the Sergeant-at-Arms, enclosing a letter from the manager of the Parliamentary restaurant, Mr.

George, who feels that the fact brought out that apples are retailed in the cafeteria at five cents is likely to leave a false impression in the country that the cafeteria is profiteering at the expense of the members of the House—which is very far from the truth, as we all know—I would like therefore to spread upon the records of the Committee this letter of explanation sent by Mr. George:—

April 12, 1923.

Col. H. W. Bowie,
Sergeant-at-Arms,
House of Commons.

Dear Sir,—

Re price of apples retailed in cafeteria.

Winesap apples retailed in cafeteria are purchased by the box, which contain 150 apples, costing $4.50 per box. The apples retail at 5 cents each or 50 cents per dozen. After allowing for deterioration, which is heavy at this season of the year, our profit is not more than 1 cent per apple.

Yours obediently,

C. George,
Manager, Parliamentary Restaurant.

Mr. McKay: When Mr. Sales referred to that, I understood him to say that they were retailed at different places at that price.

Mr. Sales: Yes, sir. Mr. Chairman, I did not wish to refer to the cafeteria in any sense as profiteering any more than anybody else, or profiteering at all, but I want to point out to the consumer who is buying these apples that if he insists upon buying such small quantities and have a service of that kind, he must pay for it.

Mr. McKay: Mr. Chairman, is a witness privileged when he comes before this Committee?

The Chairman: The privilege covers not only members of the House but also extends to witnesses who appear before a Parliamentary Committee, in that they are absolutely privileged in anything they say, and they cannot be called to account by anybody whatsoever.

Joseph A. St. Marie called, sworn and examined:

By the Chairman:

Q. Mr. Ste. Marie, what is your first name?—A. Joseph Antonio.

Q. What is your occupation?—A. Well, sir, at present I am superintendent of the Ste. Anne Experimental Station, which is a Federal station.

Q. You are the superintendent of the Federal Experimental Station at Ste. Anne de la Pocatiere?—A. Yes.

Q. Which is in Kamouraska County?—A. Yes.

Q. On the Lower St. Lawrence?—A. On the Lower St. Lawrence, on the south side.

Q. You have an experimental station there of how many acres?—A. 327 acres.

Q. What do you conduct at that experimental station, mixed farming?—A. Mixed farming in a sense, experimental work; we have practically the same organization as the Central Farm at Ottawa, that is, it is subdivided into several divisions. We have live stock, horses, cattle, sheep, swine, poultry; then we

have a cereal division, to carry on experimental work with cereals. We also have a bee division, and we have a horticultural division dealing with fruit also more recently. We have forage crops, that is, we are organizing a forage crop division to experiment with the best varieties of roots, flowers and so on to be in that division.

Q. There is an agricultural college at Ste. Anne de la Pocatiere?—A. Yes.

Q. Is that connected in any way with the Experimental Farm?—A. No, that is entirely separate, although we co-operate as much as possible; in the work we carry on we give them the privilege and benefit of our work.

Q. We are investigating agricultural conditions in Canada, and where they are unsatisfactory we are trying to search about for remedies, and we have asked you to come before us in order to get your views on the situation, as well as to listen to whatever remedies you may suggest for the conditions, so far as you know that they are unsatisfactory.

Mr. SALES: Would you not also say the cause, Mr. Chairman?

The CHAIRMAN: Yes, certainly.

By the Chairman:

Q. You might mention what appear to you to be the causes, Mr. Ste. Marie. —A. I might say at the outset, as the Chairman has requested me to do so, it might not come out as freely as it would in the French language, so I ask your indulgence in whatever mistakes I may make; or you may question me as to anything I say that is not clear.

For your information, I may say that I have been at Ste. Anne for practically a year now. Formerly I was connected with the Central Experimental Farm here, in the Animal Husbandry division, and I would rather rely upon my experience at Ottawa than my experience down there, because as far as experimental work is concerned at that station, a year's work is not very much, especially when we meet with weather conditions such as we have had the last year.

While at Ottawa I had the privilege of carrying on during two years, namely, 1919 and 1920, a farm survey in some six counties in Quebec Province, covering about 600 farms. That may be the most general information which might probably be of interest to your Committee. The result of that particular investigation or farm survey has been published in the Bulletins, namely Nos. 96 and 98 of the regular Experimental Farm Bulletins, which are available at the Publication Branch here.

I might say that the results obtained through this particular farm survey were not altogether too bright; nevertheless our aim in doing that particular work was to determine what the real situation was, were the farmers right in complaining regarding their particular situation, was it possible for them to make money, and if it was made how was it made, and if not made why was it not made? That was the reason we made this particular survey. It was made in centres where we had stations, to find out in a course of years whether our work could be improved in those particular centres by repeating the same work.

In this particular Bulletin, of which I have a copy here, we have tables comparing in this way the whole situation in each of those six counties of the province of Quebec, six districts in different parts of Quebec province, and in those six districts we have included tables comparing the best farms against the poorest farms, and trying to analyze why some farms were making money and some farms were not. In practically all the farms surveyed we did find some farms that were making money, even taking into consideration the capital

invested, the expenses involved, the depreciation, the expenditures involved in connection with farming operations, but they were in the minority, the bulk of the farms were not making money as farming is interpreted on a commercial basis.

Q. Will you say that again, Mr. Ste. Marie?—A. We found that the bulk of the farmers were not making money by their farming operations, undertaken on a commercial basis, that is, taking into consideration capital, depreciation, etc., in connection with farming.

By Mr. Elliott:

Q. Were any of them making money, on a commercial basis?—A. Yes.

Q. What percentage of them?—A. We did not calculate them on a percentage basis the first year we carried on this work; we took 25 or 30 representative farms in a district, good, bad, medium and common, and we took out the five best farms the first year and the five poorest, and compared the results to find out why five certain farms were the best and five other farms were the poorest. I am not prepared to give you the farms.

By Mr. McKay:

Q. Over how many years did your observations extend?—A. I did this particular work in two years, 1919 and 1920.

Q. Were your observations in the second year on the same farms as in the first year?—A. No. We took the representative farms in the first year surrounding the stations, and the following year we took five or six parishes around that particular place, to get more general information, so as not to be too close or too one-sided, as it were.

Q. Were those farms south of the St. Lawrence?—A. We took three districts on the north side of the St. Lawrence and three on the south side. This survey was carried on in Aubrey, Chateauguay County; Lachute, Argenteuil County, a few farms in Two Mountains in L'Assomption and the Lake St. John District, away north; then south we took Montmagny County, Missisquoi County, and Huntingdon, so that we could obtain information from various parts of the province, to see if there were some districts away above others, or just what the situation was. That was why we scattered our work. I understand that this work was carried on again this year, that is, this last year.

Q. But your work was only carried on in each particular section for one year?—A. Well, yes, just one year in one place.

By Mr. Sales:

Q. Which year was that?—A. 1919 and 1920.

Q. When did you begin?—A. In 1919.

Q. What was the date of your beginning?—A. June.

Q. You took the growing season of 1919, and part of the marketing season of 1920?—A. Our survey took a year's work.

Q. From May or June, 1919, to June, 1920?—A. The information contained in this particular bulletin took from June, 1918, to June, 1919, and the following year June again to the June following.

Q. That is, two years?—A. Yes, sir.

Q. During those two years prices were higher than they have been during the last two years?—A. Yes.

Q. So that the showing would be better then than it would be during the last two years?—A. I presume the prices went down, but the cost of operations remained the same. There is only a slight difference in the cost of labour.

Q. So that you are absolutely sure it would be worse now?—A. No doubt it would. To continue; to my mind the whole thing resolves itself into a question of production. I am speaking for the districts that this particular work covered. It is a question of production and of cheapening production on the farms. These are the main points. There are several other points of course attached to these particular ones, which may have their effect, such as transportation, cost of machinery, maybe the cost of money, that is, interest on money, and several other factors. If a man produces a little, it does not matter much what we do for him or what he has to ask; if he has nothing for sale he has no money to make.

That is a resume of the situation from our work. We found that the number of animals kept for farms is not as large as it might be, and that they are not as profitable as they might be. This involves the question of better stock, better feeding and the growing of better crops. Once you have those three, then there is grading and marketing, but in a word these are the three factors that determine good or bad farming. The farms that were making an income were in general those that had good stock and were growing good crops for their cows, and were managed by the men who were best educated in this regard.

By Mr. McKay:

Q. Did you make any appraisement in your own mind of the men at the head of the farms?—A. As you intimate, the man is of first importance. If I may illustrate that: in one county, one man was producing a cash crop apart from general dairy farming; his next neighbour, under the same conditions, was making a very much smaller revenue. Both answered the questionnaire, so I asked the man with the smaller income how it was that his neighbour seemed to be making more money. He said, yes, since a few years ago they have gone into this tobacco growing business and are making a lot of money. I said, Why don't you produce some tobacco, and increase your revenue as well? He had about the same size family and all that. He said, There is a lot of work in connection with the tobacco business. There was his explanation. So it is a question of education and industry.

By Mr. Elliott:

Q. Were these dairy farms that you had under observation?—A. Mostly, yes. We had some farms which made dairying a sort of specialty, and which had a lot of cows. Other farms were in dairying but had also a cash crop, such as tobacco or fruit; and we had other farms nearer the city, which went into truck farming alongside the dairy; then we had the regular mixed farming, dairy farms and all kinds of stuff on the farm.

Q. Have you any figures which would give us the returns from these various types of farming?—A. Yes.

By the Chairman:

Q. I draw the Committee's attention to the fact that Mr. Bouchard has handed round bulletin No. 98 prepared by this witness and issued by the Federal Department of Agriculture.

The WITNESS: No. 96 is the first one and 98 the second.

By Mr. Munro:

Q. Did the farms which you found most prosperous grow a larger proportion of their own feed on the farm than the others?—A. Oh, yes, there is no question about that. You will find that tabulated, in No. 98 on page 22.

APPENDIX No. 3

By the Chairman:

Q. I do not know, gentlemen, whether we could do better than just take this bulletin with the witness and run over it with him?—A. I would prefer that.

Q. Which do you think is the more valuable? I do not think we will have time to take both, Mr. Ste. Marie?—A. Page 22 of No. 98 is more valuable. It is the last one issued and has more detail than the first one.

Q. Let us go over this as we would a Bill.

"In order to secure information representing the true situation of farm business in Quebec, in so far as possible, a preliminary agricultural farm survey was carried out by the writer during 1919, for the Animal Husbandry Division, Central Experimental Farm, Ottawa. This farm survey was made in 6 representative districts of six counties in the Province of Quebec. The information obtained, and embodied in Bulletin No. 96 of the regular Experimental Farm series, was such as to indicate the necessity of continuance, covering more ground, if possible, another year. Definite plans were made, therefore, and the writer arranged to conduct, during 1920, a survey along the same lines as that of 1919 with double the number of farms.

"*Methods of Survey.*—The methods used in obtaining the information were very much the same as those of the previous survey. In order to make results comparable, in a measure, with those of similar lines of work conducted in other provinces of Canada, and in the United States very similar methods were employed, excepting occasional necessary modifications due to local conditions."

In other words you worked along the same lines as Mr. Leitch did in Ontario?—A. Exactly.

Q. You are familiar with his work I presume?—A. Oh, yes.

"Q. In 1919, the survey was carried on in one representative district in six counties, where illustration stations already existed, twenty-five to thirty representative farms being surveyed in each district chosen, in a radius of five miles around each illustration station. As the survey to be carried out in 1920 could not, for various reasons, be made on a comparative basis, it was thought that more information could be obtained by choosing farms for survey in a greater number of districts or parishes in each county, so, instead of using the same centres as in 1919, some fifty farms were surveyed from all the parishes surrounding the parish chosen in 1919. Following this method, ten or twelve representative farms were surveyed in each four or five parishes surrounding the parish or district surveyed last year. The number of farms surveyed varied with the number and the importance of the parishes of that particular section. However, in order to present this report as concisely as possible, and, at the same time, to determine whether the findings in all the parishes surveyed in each county would concur with the results obtained last year, all the parishes surveyed in one county are treated as one group. Thus, when the reader subsequently peruses results obtained in, for example, L'Assomption district, it will be understood, unless otherwise stated, that these results are the averages of figures obtained on fifty farms surveyed in L'Epiphanie, Repentigny, St. Paul and Ste. Sulpice parishes, each parish supplying a proportionate number of farms. Again, when studying the tables comprising the results obtained by the best and poorest farms, in this case each parish supplied its quota of best and

poorest farms in making the totals for the averages shown in these cases; otherwise, had the best and poorest farms been selected irrespective of their source, different, but less representative averages would be shown. The above explanations are necessary in order that the reader be afforded a proper interpretation of results.

"The desired information was collected by using forms specially prepared for the purpose. Most of the farmers realized the reason and importance of this survey and were quite eager to supply the information sought.

"Determination of the Labour Income. The receipts from all sources were itemized and when totalled together constitute the gross revenues of the farms."

That was Professor Leitch's method, too, was it not?—A. Well I cannot say it is particularly, but in the broad lines, I think it was.

Mr. ELLIOTT: I think these are on very much the same lines.

By the Chairman:

Q. "The expenditure of the farm was recorded under several items and the sum total of those represent the total expenses.

"The labour performed by sons of fourteen years of age or over was charged at the same rate as hired labour would have cost in that neighbourhood, thereby placing all the farms on the same level in determining the labour income.

"An annual depreciation charge of ten per cent was levied on machinery and five per cent on buildings and live stock.

"Interest on total capital was rated at six per cent."

Why did you take five per cent on live stock Mr. Ste. Marie?—A. The reason we did that was to cover the farms as a whole. If you take a man dairying, that does not raise his own stock, he has to re-supply his herd of cattle every now and then.

Q. But surely a cow does not last for 20 years?—A. I know, but had we given the proper valuation on everything, the result would have been so bad we would not have dared publish them you see.

Q. Is that the answer? Perhaps there is some other explanation?

Mr. MUNRO: I submit that is not a fair representation if that was the way it was gathered.

By Mr. Elliott:

Q. Did this five per cent not cover the whole of the herds that you had under survey?—A. Yes.

Mr. ELLIOTT: That is the answer then.

Mr. HAMMELL: Mr. Chairman, I think we can very well accept that, because when a cow becomes useless as a milk producer, usually she is fitted and sold for some other purpose, and that final sale would cover the difference in depreciation.

Mr. STE. MARIE: Perhaps if you will pardon me I had better say, to your objection there, that by charging five per cent we take for granted a cow will last for about ten years. Then she goes for beef. If you buy a good dairy cow at $125 on the market, in those days when this survey was made, and then you sell her at the end of ten years, you get $25 or $30 for the beef. So five per cent would just about cover the amount of depreciation, to renew that stock.

And by charging that same per cent on the young stock, through the figures we have, it costs fully as much to raise a cow from the day the calf is born until the time she is a cow as it costs to buy her on the market.

By the Chairman:

Q. So in answer to my question you would say that five per cent on live stock is sufficient, because after a dairy animal becomes too old for dairy purposes, she can be turned into beef and something realized from her?—A. I would not like to make that as a specific statement. It might be sufficient in some localities and not in others.

Q. Taking the situation by and large, it made it possible for you to write off five per cent as a fair allowance for depreciation?—A. I would call that my personal impression. It is a question that would have to be determined in a very specific way, to say that this is so, and some of those things are here to determine in that way.

Q. What is your personal view?—A. My personal view is that it is fair to be presented as it is there.

By Mr. Munro:

Q. That would cover the loss of stock through death and accident, the five per cent?—A. There again, it might on some farms and might not on others, but we took that as a reasonable allowance to charge on this work.

Mr. CALDWELL: It would look to me, Mr. Chairman, that the allowance was small enough to cover the depreciation of a dairy cow living for ten years, and would not cover loss by accidents.

The CHAIRMAN: Is it your view then that five per cent is small.

Mr. MUNRO: I have been in the business all my life, Mr. Chairman, and I do not object to take the evidence, but I certainly think five per cent is too low.

Mr. ELLIOTT: There is an element we have forgotten, Mr. Chairman. In this survey he is covering a great number of herds; some of those herds are cows which the owner buys for purely dairy purposes. In others the animals are raised on the farm, and in that way there is a difference.

The CHAIRMAN: But the witness says, Mr. Elliott, that in his view it costs just as much to raise the animal from a calf as to buy it in the market at the age when it will be a producer.

Mr. CALDWELL: Mr. Chairman, I can well support the witness in his view that it costs as much to buy as to raise. Then there are horses included in this operation, and five per cent will not cover that. You cannot beat them.

Mr. ELLIOTT: These cows, Mr. Chairman, will produce a calf every year, and that calf has a value. If you credit the herd with the value of that calf, the depreciation of five per cent is very reasonable, I think.

By Mr. Caldwell:

Q. Do your figures include credit for the calf?—A. The average farmer does not place very much value on the calf. The skin, 75 cents.

By Mr. Hammell:

Q. Suppose the herd is valuable, good milk producers, and of a high grade. Do you mean to say that they are going to breed those cows to a good bull, and dispose of the calf from a 10,000 pound cow for the price of the skin? I think that is unreasonable.—A. But these are representative farms, not the expensive farms.

By Mr. Caldwell:

Q. They are not pure-bred stock?—A. Not at all.

Mr. CALDWELL: I breed pure-bred Holsteins, and I find I cannot dispose of the calves, in the last few years, without feeding them until they are five or six years old. There is no demand for them.

By the Chairman:

Q. The weight of the opinion of the Committee seems to be that your allowance of five per cent is to small. You are the man who made it; tell us frankly your views. If the farmers on the Committee are wrong, tell them where they are wrong and if they are right to what extent are they right?—A. In the previous Bulletin we allowed ten per cent, and we thought that was a severe basis, but in discussing all these items with the directors and the other chiefs, we were rather criticized in putting such a high valuation on the depreciation of stock. The general impression of the people interpreting these facts was that the farmer raises his own stock, and although we thought that ten per cent was not too high, yet it might probably be more reasonable to put just five per cent on this particular item.

Q. Let me make a reflection here, Mr. Ste. Marie. Does it not strike you that one of the necessities in this country is to get the real facts no matter what the results may be. (Hear, hear.)—A. In reply, Mr. Chairman, as stated in the first Bulletin, this was an attempt to determine the real situation; it was not work carried on to say specifically. Here is the situation; we just touched the broad lines.

Q. Suppose, Mr. Ste. Marie, instead of you being a public official, you had been a scientist, imbued with the sole object of getting the actual scientific fact irrespective of what the consequences were, would you have allowed five or ten per cent for depreciation of animals?—A. That is rather hard to answer specifically, but if I had been requested to keep in this work I would have asked the Director of the Central Experimental Farms to be allowed to locate with say ten farms in each of those districts, and institute on those particular farms complete book-keeping, and then we could have arrived at a definite value.

Q. You lump together the depreciation of five per cent on buildings and animals. I should say, if buildings are built properly, five per cent is a handsome allowance for depreciation; but I would say, and I am not a farmer, that the depreciation on livestock was considerably greater than on the barn in which the stock is kept; would you say I was right in that?—A. I know personally I would not want to attempt to renew the stock on a five per cent basis. (Hear, hear.)

Mr. CALDWELL: There is another feature that has been brought up and not settled satisfactorily to me; that is the statement in regard to pure or well bred cows. It has not been taken into consideration that their percentage for beef is very small in regard to the original cost. The scrub cow is worth about as much for beef as she is for milk, but the cow that costs hundreds of dollars is worth no more for beef than the scrub cow, so that the depreciation is greater.

Mr. MUNRO: There are pure-bred calves being sold as veal calves.

Mr. CALDWELL: That is so. There is no demand for the stock.

Mr. ELLIOTT: There is lots of demand in Ontario for them. You cannot go into the country and buy them to-day, the price is outrageous.

Mr. CALDWELL: Come down to New Brunswick then. But what kind do you mean?

Mr. ELLIOTT: We are speaking of the dairy cow.

By Mr. Elliott:

Q. Did not the director of the Experimental Farm agree to this five per cent? You discussed the question with him?—A. Yes.

Q. And he thought five per cent was sufficient?—A. I don't want to say here that the director of the Experimental Farm would have undertaken to replace the stock on a five per cent basis. He thought for this general survey that five per cent might be a fair charge to interpret this part of the work.

The CHAIRMAN: Possibly we are a little at cross-purposes. The five per cent, if you lump together the stock and buildings is possibly fair enough, I think five per cent is a little too much allowance for the buildings and decidely not enough for the stock.

Mr. TOLMIE: Are you figuring all your stock before you begin with the five per cent, not taking into consideration the fact that you have a lot of heifers that are increasing in value, in addition to those which are going down the other road?

Mr. ELLIOTT: Dr. Tolmie, they say the heifers are the more valuable.

Mr. STE. MARIE: Although they are increasing in value, we came to the conclusion in regard to this work, that the heifers that were growing were costing as much to grow them as they were worth.

Mr. TOLMIE: What kind of heifers do they grow?

By Mr. Caldwell:

Q. They would be scrubs or grade heifers. It would not apply to pure-bred?—A. Naturally not.

Mr. CALDWELL: With scrub or grade cattle that does apply.

Mr. HAMMELL: The scrub is recognized to be no good anyway.

By the Chairman:

Q. Mr. Ste. Marie, I would like to get your view at this point as to whether it would not be an excellent thing to have all the different investigators for provinces, for the Dominion, and for agricultural colleges, to get together on a standard formula for the purpose of collecting information?—A. Yes, that is certainly a good suggestion.

Q. It is a practical suggestion, is it not?—A. Well, although it might be in some cases, in others it might not. You must not forget that there are great variations between provinces. We might be able to buy a good cow at $60 down below Ste. Annes; whereas the same cow transported to Western Ontario or to the West would cost $120.

Q. That would not affect the principle of arriving at the labour income?—A. No.

Mr. CALDWELL: The depreciation in value of stock, it would.

By the Chairman:

Q. The variation in price of the animals in different parts of the country would not affect the method of arriving at your labour income on the farm.—A. No.

The CHAIRMAN: I think, gentlemen, that is one of the recommendations we might make.

Mr. CALDWELL: Carried.

By the Chairman:

Q. "By deducting the total expense from the gross revenue, a balance termed 'the labour income' is obtained, which represents the money obtained by the farmer and his wife for managing and working the farm. As there are groups of farms included in this survey making no labour income the term and sign 'plus' and 'minus' labour income will be used to designate a farm or group of farms making a plus or minus labour income.

DEFINITION OF TERMS

"A mature horse or cow equals one animal unit. Colts or young cattle and other clases of stock are fractions of animal units. For the sake of clearness the following description is given:

CLASS OF STOCK

Cow	1	equals	one	animal	unit
Heifer (1 to 2 yrs.)	2	"	"	"	"
Calf (under 1 yr.)	4	"	"	"	"
Bull	1	"	"	"	"
Steer (Feeding)	1	"	"	"	"
Horse	1	"	"	"	"
Colt	2	"	"	"	"
Hog	5	"	"	"	"
Pig	10	"	"	"	"
Sheep	7	"	"	"	"
Lamb	14	"	"	"	"
Poultry	100	"	"	"	"

By Mr. Sales:

Q. What is the difference between a hog and a pig?—A. The hogs are listed boars and mature sows. Pigs are growing hogs.

The CHAIRMAN: Is there not an expression called "shoats" for that?

Mr. HAMMELL: A shoat is not a boar.

By Mr. Sales:

Q. The others might be specified as breeding hogs?—A. Well, it is the usual expression as used in other work and we followed the same system.

By the Chairman:

Q. A hog therefore is a boar or mature sow?—A. Yes.

Q. And a pig is juvenile?—A. Yes.

The CHAIRMAN: Then you continue:—

"Cash crop is a common term used to designate any crop that is sold directly for cash.

"Crop index is a numerical measure of the crop production of the farm. It is arrived at as follows: the value of all crops grown on all farms surveyed is totalled up and divided by the total crop acres. The resulting number represents 100 per cent crop production. Individual farms having a crop yield higher than this average yield are given a number proportionately higher and those having a lower crop yield are given a number proportionately lower. Thus one farm may have a crop index number of 110, which means that the crop yield on this farm is 10 per cent higher than the average; or the crop index number may be

90, which means that the crop yield is ten per cent lower than the average.

"Live stock index is a numerical measure of the live stock production of the farm obtained in the same way as the crop index, using the total live stock revenue and the total animal units as factors.

"Tilled area is the number of acres of land on a farm which have been brought under cultivation.

"Crop acres is the number of acres of land from which a cultivated or a pasture crop is taken."

Mr. BOUCHARD: Mr. Chairman, may I ask, six per cent is taken for interest on capital. Do you think six per cent is higher than the farms used to pay?—A. I don't think so.

Q. It is a good investment. They usually paid about four or five per cent.—A. No, this factor of six per cent was arrived at by asking questions of all the farmers who had a mortgage, what interest they were paying, and the average of six was arrived at.

Q. If you get money from the bank it is seven or eight per cent, but it is customary among the farmers to pay four or five for money on mortgage?—A. No, a lot of farmers are paying seven per cent outside of banks.

Mr. CALDWELL: I know farmers in New Brunswick are paying as high as eight per cent on farm mortgages. Not to the bank at all.

The CHAIRMAN: Before the war I remember travelling through our province and being astounded to find that farmers were able to borrow from their neighbours at as low as four and five per cent; and the reason for that is the thrift of our people; they are thrifty and very careful with their money and when they save money they lend to a neighbour on mortgage, so that the investment is right under their eyes.

Mr. CALDWELL: How long ago was that?

The CHAIRMAN: That was about 1909 or 1910.

Mr. CALDWELL: I will admit that there was a change in our Provincial Government at that time, but since that our Government has sold bonds at 5½ per cent without income tax.

Mr. ELLIOTT: It is hard to get money on a mortgage now, on account of the fact that Victory Bonds are not taxable.

Mr. CALDWELL: Mortgage companies are not loaning money at all now on mortgages; it is hard to get money even at 6 or 7 per cent from the loan companies.

Mr. SALES: So that the principle of issuing tax free bonds by a Government is nothing else but criminal. There is nothing in our Western country at less than eight per cent.

By the Chairman:

Q. Anyway, at the present time 6 per cent is a fairly representative rate at which a farmer can borrow money in rural Quebec, at least in the districts you investigated; is that so, Mr. Ste. Marie?—A. It was in 1919 and 1920, but I do not know how it is now.

The CHAIRMAN: Interest rates in Montreal have come down slightly in the last year or two. There was a time when you could get without any difficulty at all 7 per cent in Montreal; you can get it at 6½ per cent to-day, as compared with 7 per cent a year ago.

Mr. CALDWELL: In the Province of Manitoba the Farm Loan Board have raised their rate to 7 per cent, and the money is secured on Provincial Govern-

ment bonds; the Provincial Government is paying 6 per cent, and they only take up to 50 per cent of the value of the property.

The CHAIRMAN: I might interject here, that in a pamphlet I wrote on the Germany system of rural credits, it was pointed out that the thrift of the German people was such that the deposits in the banks from which these farm loans were drawn were so great that the farmers were able to get the money at very low rates, really from themselves; that is to say, the savings of some members of the rural population were sufficient to provide those who needed money with money at very low rates in the same locality.

Mr. CALDWELL: How long ago was that, Mr. Chairman?

The CHAIRMAN: In Germany I think it was before the war. I am speaking of when this pamphlet was written. They were getting it at about 3½ to 4 per cent.

By the Chairman:

Q. Did you ever examine into these questions, Mr. Ste. Marie?—A. No, sir, but I have heard of this before now.

The CHAIRMAN: The agriculturist in France and Germany before the war was usually able to get money on long terms at from 1 to 1½ or even 2 per cent below the current commercial rates, while in many parts of this country the agriculturist has to pay somewhat above commercial rates for his accommodation. I would say that the same thrift which enabled the German farmer, the same habits of thrift shown among the population which enabled the German farmer to get his money at a relatively low rate is what enables the Quebec farmer to get his money at a relatively low rate of interest, certainly as compared with the rest of the country.

Mr. CALDWELL: I should like to interject a statement right here; a member of the local Legislature of New Brunswick, a lumberman, stated in my hearing less than five months ago that a farmer came to him for $160, he needed the money for a short time; he offered to back the farmer's note at the bank; the farmer went to the bank, and the bank refused to cash it. Inside of ten days the lumberman went to the bank, and they loaned him $16,000, while they would not take his name on the back of a note for $160.

Mr. MCKAY: Do you think that when when the farmer went to the bank for a loan, the fact of him being a thrifty man had anything to do with whether he got it or not?

The CHAIRMAN: Are you asking my opinion, Mr. Caldwell?

Mr. CALDWELL: Yes.

The CHAIRMAN: I remember discussing this matter with some bankers and with the directors of a bank, who told me that the prime consideration in giving credit to a borrower should be the individual character of the borrower for honesty, care and prudence, that that should be looked at even before the amount of money borrowed. I suppose that would operate as regards the getting of the loan first. I suppose a banker would be justified in shading the rate of interest for a man who was particularly honest and prudent.

Mr. MUNRO: I have never known a business man in my locality to get one-half of one per cent off the eight per cent. I have heard of merchants in the town who carried on a large business with the bank sometimes getting one per cent, but I have never known a business man who had all kinds of collateral to get a shade of one per cent on a loan.

Mr. CALDWELL: The farmer came back and told him the result of his visit to the bank, and he immediately loaned the farmer the $160 on his own personal

note, which shows that he considered the man perfectly good, although the bank advanced the lumberman $16,000 on his own personal loan afterwards.

Mr. MILNE: I would like to know how they get money for building, the same as they do with the thrifty farmers in Germany and Quebec.

The CHAIRMAN: A good many of them not only loan their own money to each other, but they lend the deposits of the people to each other.

Mr. HAMMELL: Mr. Caldwell mentioned the rate of interest. On the other hand I want to say that the rate of interest from the Ontario Government is only 5½.

Mr. CALDWELL: In the last year?

Mr. HAMMELL: Yes, and less than that.

Mr. CALDWELL: You are not disputing that the Manitoba Board charged 7 per cent?

Mr. HAMMELL: No.

Mr. CALDWELL: Because I have their report.

Mr. HAMMELL: But the fact that they increased their rate does not show that the rate charged here is excessive.

By Mr. Caldwell:

Q. Is this rate to the Province of Quebec only, Mr. Ste. Marie?—A. Yes.

The CHAIRMAN: He is testifying about the rate of interest he put in his report as being the prevailing or the average rate for the districts he was investigating.

Mr. CALDWELL: This goes out possibly as the rate of interest throughout Canada; we should not allow it to get out in this form.

The CHAIRMAN: Mr. Ste. Marie predicated his remarks on the investigation in certain specified districts, and we are reading his report now:—

> "To obtain and throw some light on the most advantageous size of farm to operate, tables I and Ia have been prepared. In studying the labour income in table Ia it will be noticed that all groups are making a plus labour income, varying from $381 to $607, with an average of $463. This average labour income is higher than the average labour income for the same districts as reported in the survey of 1919. There are two main reasons for this difference. First, the figures for the farms in the St. Gedeon (Lake St. John) district have been left out. If the reader will refer to the results of the 1919 survey and to table II in the present survey he will note that this district shows in both cases a minus labour income. A closer examination will reveal the fact that the minus labour incomes were due to the extraordinarily high values placed upon the land compared with other districts; that is, interest on capital consumed the profits. The incorporation of the results obtained on these farms in the table would not make a true average for the remaining districts where values are normal, nor would the figures obtained in this survey be comparable with figures obtained on similar surveys made in other Provinces."

Let me interject a question here, Mr. Ste. Marie. What made those land values around St. Gideon so high?—A. It was a question of supply and demand, I presume. I asked this question of a good many men where we made these investigations, and the reply was this: "I much prefer to pay $200 an acre for a farm already made than to send my sons into the forest to cut out a farm", and that repeated itself from year to year, with the result that farms are high, from $35,000 to $40,000 for a one hundred acre farm.

Q. What is that, from $35,000 to $40,000 for a one hundred acre farm?—A. Yes, sir. To complete that statement, I might say that they are selling their farms on a certain percentage of the total price in cash, the balance spread over a period of fifteen or twenty years without interest. We came across a few farmers who had just sold their one hundred acre farms for $40,000, $15,000 cash and the balance at $1,000 a year with interest, so that the farmer was trebly paid already; he did not care what interest he would be paid, or whether he would be paid at all.

By Mr. Caldwell:

Q. Was that for one hundred acres?—A. Yes, sir.

Q. What kind of buildings?—A. Common buildings. They had a lot of hardships in the first years they were there; they had no markets at all, but now they are making money somehow, and that was the answer some of those farmers gave me who are buying a farm for their sons now.

Mr. SALE:: Where is that district?

The CHAIRMAN: Around Lake St. John, the head waters of the Saguenay River, almost as far north as you are in Saskatchewan.

Mr. SALES: How far are they from a market?

By the Chairman:

Q. Do they sell their stuff in Chicoutimi?—A. Almost all their cheese and butter goes to Montreal.

By Mr. Sales:

Q. How far is it from Montreal?—A. To Montreal it is roughly 300 miles.

By Mr. Munro:

Q. Are there any rich minerals on these farms?—A. No, sir.

By Mr. McKay:

Q. Any gold mines?—A. One day I came across a farmer who had been offered $95,000 for his three farms.

Q. Of 100 acres each?—A. Three farms of 100 acres each, and he was contemplating buying another one; the man was asking $35,000, and he was offering $32,000. After filling up the questionnaire in regard to this particular man's revenue, the total revenue from the three farms amounted to $5,000. I asked him how he could pay for this next farm; he said "Easy, the boys and I will go to the bush and bring back $6,000, and it will cost us $1,000 to live, and the rest will pay for the farm in so many years."

By Hon. Mr. Tolmie:

Q. They would have their teams with them?—A. Yes, sir.

By Mr. Caldwell:

Q. Were they contracting?—A. Yes, sir, they were contracting for so many thousand feet of lumber. They depend upon lumber to make their money.

By Mr. Sales:

Q. How long would it take them to earn that $6,000, how many months?—A. The winter season, up to April we will say.

Q. About five months?—A. Five or six months; I am not prepared to say exactly.

Q. They would earn $6,000?—A. That was his statement.

Q. How many men?—A. There would be five men and horses.

Q. That would mean $1,200 per man and team?—A. That was in 1919-1920. If you went to the same man to-day and asked him the same question, you would find a change.

By the Chairman:

Q. Lumber costs were high then, and the profits from lumber were still higher?—A. Yes.

By Mr. Sales:

Q. In Bulletin No. 96, at page 10, you have the Gedeon farms, and the best five show a minus average labour income of $448, and the poorest of them show a minus average labour income of $3,403?—A. Yes.

Q. So that evidently those farms cannot afford that high capitalization?—A. No, sir.

Q. They are not worth the money paid for them?—A. I am told they are coming down rapidly in price.

Q. Why did you leave that particular district out of your Bulletin No. 98? —A. For the reason just stated, what the Chairman has just read.

By Mr. McKay:

Q. An abnormal condition prevailed?—A. Yes.

By the Chairman:

Q. If you had inserted it, it would have been such a disturbing factor that it would have made your average quite untrue?—A. It would spoil our work.

Q. For a similar reason to that which Mr. Grant left out, where they had been hailed out and had not made any money; it would be quite impossible for people to make any money on a commercial basis, on account of the fabulous prices paid for their farms?—A. They could go to the woollen mills and make good money the year round, or through the winter.

The CHAIRMAN: To continue:—

"A closer examination will reveal the fact that the minus labour incomes were due to the extraordinarily high values placed upon the land compared with other districts; that is, interest on capital consumed the profits. The incorporation of the results obtained on these farms in the table would not make a true average for the remaining districts where values are normal, nor would the figures obtained in this survey be comparable with figures obtained on similar surveys made in other provinces. Secondly, owing to higher prices obtainable for 1919 products than were obtainable the previous year, the average revenue from the farms in the present survey is much higher. The expenditure not having increased in proportion it leaves a general higher average labour income.

"The figures given in tables I and Ia are practically self-explanatory, but it may be well to call the attention of the reader to some of the outstanding facts. In the first place it will be noticed that the plus labour income does not increase in the same ratio as the size of the farms, as some might expect. There is a difference of $236 in favour of the group of farms varying in size from 81 to 100 acres and a difference of only $83 between the average of the smallest and the average of the largest farms. This shows that there is a tendency for farms of certain definite sizes to give larger labour incomes than a little larger or a little smaller farms.

"Similar surveys conducted in other provinces and in the United States have revealed the fact that there are odd-sized farms which are too large for one and too small for two men; others are too large for two and too small for three men. On these odd-sized farms, with the exception of some on which specialization on some particular crop is practised with success, large average labour incomes become possible only through intensification of the system of farming and good farm management.

"The results of this survey would appear to confirm the findings arrived at elsewhere and to demonstrate, through the above tables, that the most advantageous size of farms to operate are one-man farms of from 81 to 100 acres, two-men farms of from 141 to 160 acres and three-men farms of 200 acres or more."

I would like to ask Mr. Elliott a question just at this point; are there not a lot of fifty acre farms in Western Ontario?

Mr. ELLIOTT: Not very many.

The CHAIRMAN: "The writer realizes that there are many factors affecting the matter of advantageous size, such as type of farming followed, nature of the soil of the farm, location, number and age of children, available labour in district, and the knowledge and managerial ability of the farmer."

Q. To return to Lake St. John for a moment, one reason why the people there are able to pay such high prices for their farms is that they are prolific in their families?—A. The farms are not supporting the farmers, the forests are; they just make their living in the summer out of the farms.

Mr. SALES: Why include in this "number and age of children," what has that to do with it?

The CHAIRMAN: I could answer that question, and I think I will answer it. A man might have a farm; he might be living on a 150 acre farm, which would be really a two-man farm, but if he had two or three growing boys between 12 and 18 years of age he might be able to do very well on that farm, although he would be the only farmer on it.

By the Chairman:

Q. Is that the idea, Mr. Ste. Marie?—A. Yes, sir.

By Mr. Sales:

Q. How many farmers have sons 18, 17, 16 or 15 years of age who are not out working either on the father's farm or for some other farmer; you do not call them children?—A. Your question is, how many have sons working on their father's farm?

Q. They are considered men, not children, at that age?—A. Yes.

Q. I want to know why you put in "number and age of children"?—A. In what Bulletin is that, No. 96 or No. 98?

Q. It is in Bulletin No. 98, at page 7.

The CHAIRMAN: Starting with "The results of this survey" and ending with "managerial ability of the farmer."

WITNESS: I have it here. This is the explanation. If a man is alone on a farm of 120 acres, it is too small for him to hire a man and too large for one man only. If he has some children, say 12 or 13 years old to help him along, they can go to the cheese factory, they can help him and enable him to make a profit. There are different factors, the size of the farm, the age of the children, and all that sort of thing. In this particular survey, as I mentioned previously, all the children 14 years and over were credited at the same rate as a man;

he would hire another boy of 14 or 15 years, and would give him so much a month to work along. It is easier for a man to operate a farm of 140 acres or more if he has his own children than it is if he has to hire his neighbour's children to do the work, because when they are his own they do not mind working early and late, which is not the case with hired help. The children have the interest of the father at heart, not like other children. These are observations, things one comes across.

By Mr. Sales:

Q. At what age do the farmer's children as a rule leave school or cease to attend school?—A. That is hard to answer definitely; on some farms they leave at 18, 20 or 25, and in other cases they leave at 14.

Q. Is there a law in Quebec compelling children to go to school until they reach a certain age?—A. Not that I know of. One may leave at 12, another at 14, 15 or 16. The parents generally send the children to school until they get to a certain grade; sometimes they go through the Model School or the Academy, then to a college at some distance, or close by as the case may be. They generally go through the local school, and when they are through that school it is just an odd child that goes to a commercial college or some other college.

Q. To what grade do the common schools take them?—A. In some parishes they have the elementary schools, in some they have the Model, and in some the Academy.

Q. In the average country school, do they go to grade 6 or 7?—A. I am not prepared to answer that question; it would need an investigation along that line.

Q. We have got to the point you make, which is that the children help their father on the farm, and do it cheaper than he can hire it done?—A. Yes.

By the Chairman:

Q. Did you say cheaper?—A. Yes, sir.

Q. They are more conscientious?—A. Yes, sir.

Q. And more efficient?—A. Yes.

Mr. SALES: This is why I am asking the question; I do not want an injustice done to Quebec. If the farmers are educating their children, I want to bring that fact out.

The CHAIRMAN: Look at the lower picture, the picture of the children out helping to make sugar, in the County of Brome.

Mr. SALES: It is a very pleasant picture. I hope it gives a true picture of Quebec life.

The CHAIRMAN: I invite you now to come to the closing of that school in the month of June, if we are in session. I think you will say when you see the children and the school itself that the picture altogether fails to give a proper idea of that pleasurable sight.

Mr. SALES: There has unfortunately been too much child labour in this country, on the farms especially. I know that that applies to the West in a very large measure, especially among some of our foreign population, but I am very pleased to see that it is being rapidly overcome. It is not as prevalent as it used to be, and I hope that the conditions in agriculture will be such that these people will be able to afford their children a good education.

The CHAIRMAN: In Quebec we have made great advances in education in the last ten, fifteen or twenty years. We have this advantage also perhaps, that we have a large number of boarding schools, largely conducted by religious

orders, which give to people of very modest means an opportunity of obtaining higher education at a very low cost. Possibly we are as favoured in that regard as any other part of Canada. We are as favoured in that regard as any part of Canada. The religious orders, which belong of course to the denomination that the vast majority of the people belong to, have a number of devoted men and women who give their time to teaching, for next to nothing; practically their clothing, board and lodging. They are Catholic institutions. We have some good boarding schools supported by the Protestant denominations but the vast majority are Catholic. Then continuing on page 7:—

"The results obtained through the farm survey of the above groups yields the following information:—

"Percentages of farms receiving a plus labour income of $600 or more according to size:—

40 to 80 acres, 21 per cent.
81 to 100 acres, 38 per cent.
101 to 120 acres, 33 per cent.
121 to 140 acres, 35 per cent.
141 to 160 acres, 52 per cent.
161 to 180 acres, 48 per cent.
181 to 200 acres, 33 per cent.
200 and more acres, 50 per cent.

"These figures substantiate the claim made that there are certain sized farms preferable to others, and further show that there are greater possibilities of farms of large acreage making a larger labour income, and also of providing a safe investment for capital which has a tendency to increase in value. In studying the factors influencing the labour income of the various groups, it will be noticed in table 1A, that the per cent cost of total expenses remain very nearly constant for all groups, the greatest deviation from the average either up or down being 1·2 per cent, regardless of capital invested or size of farms.

"It will also be noticed in this table that the average revenue per animal unit, with the exception of two groups, is very nearly constant. Further that the increased labour income obtained in some of the groups of the various groups of farms studied is not explained by getting a proportional increased revenue from cash crop sources, but by having a larger number of animal units for a given number of acres, making possible an average gross per cent revenue exceeding the average total expenses. The wider the margin the greater becomes the labour income. Without going into the details of revenue or expenses, which are plainly set out in the tables, the information obtained through this survey would go to show, first, that certain sized farms are to be preferred to others; secondly, that there is a greater percentage of high labour income obtained on the larger farms; and thirdly, that fair to high labour incomes are possible on the smaller farms where good managerial ability is applied.

"In order to study the farming business, in different parts of the province, and the farms following different types of farming, table II has been prepared. The reader will kindly remember, as explained in the preamble, that the farms supplying the information in the above table were situated in four or five parishes surrounding the particular district mentioned.

"It will be remarked that all districts, except that of St. Gideon (Lake St. John) are making a small plus labour income. The general average results obtained though slightly better, concur with those obtained

in last year's survey. To analyze in more detail, the data embodied in the averages of the above table, the following two tables have been prepared."

Now let me ask this question. I see that the labour income of the L'Assomption district runs far ahead of the other districts. What is the reason for that?—A. Tobacco growing. Supplying a very high paying cash crop. The price of tobacco has come down a good deal since then, and the cash crop revenue in L'Assomption would not be the same. It would be more in keeping with the farms in Chateauguay or Lachute.

Q. The others are very closely the same except in Aubrey, where is that? —A. In Chateauguay.

Q. But the Lachute and two others are very much the same. Stanbridge East is in the Eastern Townships?—A. Yes. Were the survey repeated to-day, L'Assomption would come about on a par with the other two, because tobacco has come down.

Q. Is tobacco below its normal price now?—A. Yes, I think it is below normal.

Q. At its normal price would L'Assomption show similar returns to the other districts?—A. It would have that tendency, on account of this cash crop, that they are making a feature of their crop.

By Mr. Sales:

Q. When did tobacco drop below normal?—A. Two years ago.

Mr. SALES: I have not noticed any drop in price to me, the ultimate consumer.

By Mr. Milne:

Q. Is this tobacco exported?—A. It is consumed locally. The price went so high that everyone started producing tobacco, and as there is no export made there was an over supply of the demand.

Q. Is it a higher grade tobacco than we buy in boxes in the shops?—A. I cannot answer specifically, but I am under the impression that some binders are grown in Quebec, and fillers are of course. The bulk of the crop is for filling purposes. That is inside the cigars. They call that "filler" tobacco.

By Mr. Tolmie:

Q. What variety do you grow?—A. I think "Cornstalk" is the variety. I am not an expert.

Q. Are cigars made of that tobacco?—A. Yes, the Imperial Tobacco Company of Montreal are using, not all, but a good percentage of the tobacco grown in Quebec.

Q. Is the quality improving?—A. The superintendent of the tobacco station can answer that question more specifically, but I had a chat with him not very long ago on this question, and he says the quality of tobacco grown has been improved very much recently, because they have taken the means of supplying the seeds of some varieties, which were adapted to the country.

Q. They grow the best tobacco on a rather poorer soil, do they not?—A. Yes, it is adapted to special districts such as L'Assomption or Joliette or Two Mountains.

Q. Montcalm?—A. Yes, or Missisquoi.

Mr. SALES: We shall have to call the tobacco manufacturers here to answer for themselves. Probably the fact is that they are buying home grown tobacco at a much lower price but there has been no corresponding reduction to the man who uses tobacco.

Mr. ELLIOTT: There is an increase in the sales tax.

Mr. MUNRO: But that is no exception to the rule.

Mr. SALES: No, it applies to other things. I am buying the same brand that I have been for a long time.

By Mr. Munro:

Q. Do you know whether any of this tobacco grown in Quebec is manufactured by the Macdonald firm?—A. I cannot answer that question specifically. There is an enormous amount grown and none of it is exported, therefore it is consumed or manufactured in some way.

By Mr. Sales:

Q. Have you any idea what the amount or production of tobacco is in Canada?—A. No.

Q. Quite a lot has been grown in Ontario?—A. Yes.

Q. In the Niagara district?

Mr. HAMMELL: No, in the Essex district.

By Mr. Milne:

Q. Is that the usual form, as we see it on the market here, in long leaves?—A. I do not use any in that way. I do not know how it is used.

Q. Is that for use or manufacture?

Mr. MCKAY: It is for use.

By Mr. Tolmie:

Q. What do they call that which the French Canadians sell on the market here, is there not a special name?—A. Roll tobacco, do you mean?

Q. The way they have of putting it up on the farm and selling it?—A. I don't know.

By Mr. Sales:

Q. Can you tell us how the Quebec farmers sell tobacco? Is it dried?—A. It is harvested and put in curing sheds and as soon as it is cured they press it into small bales and it is then sold to the factory as such.

Q. So there is not much waste to the manufacturer?—A. I don't know.

Q. What is the price in Quebec to the factory?—A. I am not acquainted with the ruling prices. To-day I would imagine it is around 20 or 25 cents per pound. I cannot say for sure.

Mr. SALES: I pay ninety cents for a half pound tin. The man who buys it in small packages is paying considerably more for it per pound.

By the Chairman:

Q. Continuing our discussion of the report of the witness, I do not think we will have time to read all of this. Look at page 13:—

"*Specialized or general farming.*

"As there is in the minds of many interested parties considerable uncertainty as to the most profitable type of farming to follow, the tables IV and IV-A have been prepared. The farms included in the three groups which compose these are farms from the counties of Argenteuil, Chateauguay and L'Assomption, each county supplying almost an eual number of farms to the three groups. Hence, the results obtained for these three groups are as representative as it is possible to have them for such purpose.

[Mr. J. A. Ste. Marie.]

"The group 'Dairy farming for city trade' includes farms which produced milk which was sold for city consumption. Some additional revenue was obtained from cash crops similar to those grown on the farms of the other two groups, but the revenue from this source was limited.

"The second group, 'Dairy farming plus a cash crop' takes in farms that sold their milk through the butter or cheese factory and on which seventy per cent of the cash crop revenue was composed of crops not marketable through the live stock, such as clover seed, grass seed, fruit, maple sugar, tobacco and vegetables.

"The third group, 'General Dairy Farms,' comprises all farms not entering in Groups 1 and 2, and of which, in most cases, the leading cash crops were hay and grain."

Now, in brief, what was the most profitable type between these three, Mr. Ste. Marie?—A. You will find a table IV-A and you will find that they are just about equal; hardly any difference, just $200.

Q. $408 as compared with $627?—A. Yes.

Q. That is half as much again, a fifty per cent increase.—A. I might say though that interpreting these factors, the farms that are dairying for city trade include the best farms and the best farmers, and yet they are not making a revenue in proportion to their ability and the quality of their farms. This is due to the fact that they are specializing too much without specializing very much. That is, they bring their revenue down to milk purely and simply, and some of them are but the bulk are not, specially suited to milk production. That is, they may have 20 cows but the general run of their cows produce just four or five thousand pounds of milk; therefore that is all they have and they are not specialists in milk production and their revenues are low in proportion to their ability, because they are the farmers with the better homes and farms.

By Mr. Tolmie:

Q. What do you figure as the average of your dairy cows in pounds of milk per year?—A. It is something like 3,400 or 3,600.

Q. What do you call a profitable dairy cow in Quebec? How much should she yield, supposing you started a herd with a pure grade bull and scrub cows, what figure would you begin at first in the conditions that prevail now in Quebec?—A. I don't think that a cow yielding less than 5,000 pounds of milk should be retained.

Q. She would be much better if she gave seven?—A. Surely. The aim should be about 8,000 pounds. But to start with we should aim at about 5,000.

Q. That is what you can get by good feed?—A. Yes, this could be brought about very quickly through better feeding with the present cows that they have.

Q. Do you find that there are still a large number of farmers who persist in keeping three or four thousand pound cows?—A. Oh, yes.

By the Chairman:

Q. You have summed up that situation very well, it seems to me, Mr. Ste. Marie, on page 17 at the end:—

"Every student of farm economics knows:—that where there are poor cows on a dairy farm the revenue is correspondingly poor; that a livelihood on such a farm is possible only by practising most rigid economy; that improvements of any kind are practically impossible; that life under these conditions becomes a burden; that funds with which to educate the growing family are often lacking; and that the family often keep up the farm instead of the farm keeping them. All of which breed discontent."

That is very well put I think.

> "Such conditions are expressed by an annual migration to the cities of a very large number of boys and girls, who are totally unprepared for the life of such centres, while the rural districts are deprived of citizens the loss of whom can be ill afforded. Undoubtedly much of this undesirable condition may be laid at the door of the scrub bull."

Mr. SALES: You might supplement that, Mr. Chairman, with the statement on page 23: No. 9 in the general summary.

> "That the scrub bull is causing the Province an annual loss of well over $10,000,000 at a very low estimate."

When that is carried out all through this Dominion, you can see what an expensive animal the scrub bull is.

By Mr. Tolmie:

Q. After your view of the whole situation, do you form any opinion as to any new means or methods of getting to these men who persist in keeping scrub cattle? Should it be a matter of education, or is there any short cut?—A. I might say that while at Ottawa and down at Ste. Annes, we have done a great deal of lecture work in different centres, and at Ste. Annes we have charge of 20 illustration stations which cover many districts, naturally it is a question of education, there is no doubt about that. But at the same time it is not education only of the average farmer; it is also education of the purebred breeder. we come across scores of farmers and societies who have bought purebred bulls, as they supposed, but they were only scrubs. The results were that these supposed purebred bulls did not cause any improvement but caused depreciation in the herds. Then the farmers said, what is the use of paying for purebred bulls when what we have is just as good. So that is to a certain extent the situation. Nevertheless it is certainly important that improvement be made if they are to remain on their farms, and retain what they have. In my opinion it could be brought about in this way: First, some means should be devised to increase production, and that will mean cheaper production as well; the two will go together.

Secondly, better breeding.

The larger production of the farm crops and better breeding, so as to have better cows to be fed with these better crops. These are the two things that must be undertaken. As far as the crops are concerned, it is a question of education. That is a big subject, and we think we have done a good deal to educate the agricultural class as a whole, whereas I think we have hardly touched the subject. As an instance as far as Quebec is concerned we have several departments where we are doing a certain amount of extension work. We have the Provincial Department, where an economist is located in the centres, this particular economist may have 15, 20, or 30 parishes in his county, and he is the man in charge of I don't know how many farmers, but I presume the average parish represents about 200 farmers, and if he has 15 or 20 parishes the result is that two or three agricultural lectures are given in the course of the year and maybe ten per cent of the farmers attend those lectures. Then there is the farm press. In a word, the bulk of the farmers are not reached in a very efficient way. Of course that would mean more men, better press, better organization to reach everybody. Then apart from that in doing extension work, unless a man is organized to do effective extension work, well there again his lectures do not go as far as they should. If I might single one topic, for instance; we are talking of improving the grade or standard of our cows, displacing the scrub bull. There is very little specific information available to put in the hands of this particular man to send to the farmers.

By Mr. McKay:

Q. Could not the Government bring the bull to the farmer?—A. They could if the breeders would produce them. An organization might be made, but that work has been established for a good many years, yet the percentage of pure bred breeders who have availed themselves of the advantage of having their cows qualified to produce by official recognition, is very limited; I am not prepared to say just what percentage, but other divisions could do that, and the percentage of our purebred cows who are qualified in the records is rather small. In the last two or three years many men have looked at this work rather favourably, but the present number is small. Many economists have come to me and said, if you can promise that next spring we can obtain R.O.P.—record of performance—stock—that is cows that have a record of giving a sufficiency of milk—they would say, during the winter work we will start to influence many of these farmers to buy these bulls, but if we have not a specific statement to put into their hands, that we will be able perhaps to obtain 15 or 20 bulls, they cannot go ahead and ask the farmers to prepare to buy those bulls, because they don't know whether they will be able to buy them or not. You know the farmer's mentality; if they are fooled once, as we say, it makes it very hard to go back to them; they keep themselves on the reserved side, and I don't blame them.

By Mr. Tolmie:

Q. Is it not a fact that the farmer who persists in breeding the scrub bull is usually the man who does not read the agricultural press?—A. Very much so.

Q. And he does not go to fairs, he sits at home, and smokes that filthy tobacco I was talking about a while ago, and is satisfied with his lot. Those are the men who are hard to reach. A man who does not attend the Farmer's Institute may occasionally buy a scrub bull with a pedigree, but his lack of education prevents him knowing that it is a scrub although with a pedigree?—A. Then there are the breeders who breed good stock, but they cannot sell at what it cost them. There are men who have record of performance young bulls for sale, and they may be offered $50 or $75. Those men do not realize the importance of advertising to get their stuff known and they get discouraged. So I think some organization should be made in the near future, it may take a year or two more, so that some encouragement will be given to induce the breeders to produce the better stock, I mean the officially recognized animals, and that no bulls should be registered in the course of two or three years unless they are qualified in the R.O.P. record.

Q. And the rest should be castrated?—A. Well, I would not say they should be castrated. There are others that might not qualify but serve a useful purpose until the day comes when we have sufficient animals to supply the demand. If we were to castrate all those that did not come up to the standard required for qualification, the supply might not equal the demand; so that it might not be wise to castrate them, but I would certainly support any move that would be made to increase the production of good animals. And I think it would be a wise move and to the benefit of the purebred breeders themselves, if in the course of two or three years, giving them time to prepare themselves, that no sire would be recognized unless he was from qualified stock.

Mr. MUNRO: I think that is a very important point.

By Mr. Sales:

Q. And the pedigree should be granted by the record of performance?—A. Yes.

By Mr. Tolmie:

Q. While that is important, it might work an injustice in some cases, for instance you might have as good a heifer out of a high class cow, and her sire of the same quality, and yet the heifer might suffer a loss of one quarter through an accident or an affection of the udder. You could not very well get a large record from her for anything like her dam?—A. That is a question of adjustment. In the case of a heifer, the sire and dam and grand-dam, if they were qualified, that might be far enough back.

Q. You would have to set a well worked out standard?—A. Yes, naturally.

Q. Are your farmers in Quebec taking advantage of the Federal Government Bull Distribution system?—A. Yes, they are to a certain extent but they are not enthusiastic in that regard. It does not seem to work very well in practice.

Q. In British Columbia in the outlying sections, they have rendered a very valuable service, particularly where the farmer is cutting a farm out of the bush, and could not think of purchasing a sire, but by getting the services of a good sire they accumulate a good herd.

By Mr. Elliott:

Q. According to table 7, there are less than fifty per cent of your farmers using pure bred bulls—A. You will note there that it is mentioned that they had or were using the services of a purebred sire. If a man only took his cow to a purebred sire we said he availed himself of that service. Whereas ten per cent of farmers having purchased bulls would be high.

By Mr. Sales:

Q. Would you favour a system of compulsory castration of all undesirable bulls?—A. I would not object, but I don't think the public would take to that at all.

Q. You don't think the farmers are ready for it?—A. No, I don't think compulsory measures work well with the people. There are other means that work very much better, such as education.

Q. But much slower?—A. Yes, but it is the best in the long run, I think.

Q. You are speaking of an education campaign. Do you think we are spending too much in trying to reach farmers who will not either read the press or attend the lectures; might we not reach them more effectively by educating, in the public schools, the young boys and girls who, to-morrow will be the men and women?—A. No, I don't think so. I had the opportunity of lecturing a good deal this winter, and wherever we went, despite cold weather and storms, we had crowded halls. That shows that they are anxious for information, and they don't get enough of it.

Q. Would it not be easier to reach the masses by getting into the schools and getting it into the young minds, while they are fertile, so that they will not lose it?—A. Then the question arises of how to get it into the schools.

Q. That is the point. Are we making enough effort to get it into schools?—A. I am not prepared to say. I know we are not doing a great deal of that. We have the school gardens and all that, but that might mean ten or fifteen years yet before we get results. And if we don't get results before ten or fifteen years, lots of things are bound to happen between now and then.

Q. We have been trying for 20 years to do this very thing you are speaking about, and we are not getting very far yet; whereas, if we had started 20 years ago to get into the young minds, we might have been nearer our object to-day than we are?—A. Yes, but I doubt if we have been making a real effort in a

systematic and persistent way to get to the public this matter of the pure-bred sires and their value.

Q. What percentage of the public do you reach with your works?—A. Maybe fifty per cent.

Q. Do you think it is as much as fifty per cent?—A. I doubt it.

By Mr. Sales:

Q. Do you reach twenty per cent?—A. Yes, I would think so. Either the lecture work or extension work, Provincial or Federal, is well received by the public in Quebec as a whole. If the weather is good we always get a big crowd.

By Mr. Milne:

Q. In our district when we have a meeting, the lecturers are well received, there is a good audience, but I think I am safe in saying about 25 per cent are interested, and will follow the work, and the others hang back.

By Mr. Sales:

Q. Don't you think it would be a good thing for the Government to take a farm and operate it on a commercial basis, showing exactly what can be done in dollars and cents? Would not that be the finest form of education?—A. It might be wise if you can get the men to operate it in a commercial way, but it is hard to get a man who will make it a success, because you have to depend on hired labour if you run a farm that way.

Q. Running it yourself for instance?—A. But running it myself I would have to depend on hired labour and as far as I know personally there is no man who can operate a farm commercially with hired labour and make a success in the present conditions.

Q. There is an important point there that you have not carried out as far as Prof. Leitch has, showing the number of hours work per day, and the remuneration allowed for labour. How many hours a day do the farmers of Quebec work?—A. Some will work during the rush season of the year ten or fifteen hours. Naturally in the dead season they do not work as much, but the general run of farmers work long hours, early and late.

By the Chairman:

Q. Were you born on a farm?—A. Yes, born and brought up on a farm and worked there until I was 20 or 25 years of age.

By Mr. Sales:

Q. Then tell us what the hours are?—A. At the home farm for instance?

By the Chairman:

Q. No, in the place where you were brought up.—A. We generally start to work in the morning about five o'clock or half past; milk the cows. We were through at half past seven at night, and we generally took time for lunch and then back to work. We operated a mixed dairy farm, winter dairying, so that means that we were working the year round.

By Mr. Sales:

Q. And the remuneration per hour? How much per hour do you assume the farmer earns for his labour?—A. Sometimes something, sometimes nothing at all. If he counts interest on capital invested, the remuneration for the labour of a farmer is not very much.

Q. Why should he not have interest on his capital? If your father left you a house, you would not let someone live in it rent free?—A. No, but we have to take the situation as it is.

Q. Why should not the same cold-blooded business principle be applied to the investment in a farm as in anything else?—A. The best reply I can give to that is that of industrial production; it does not matter if it is from the mine, the forest or the factory, it is generally sold on the cost of production plus profit basis; whereas on the farms the goods are sold for what the farmer is offered; he has to take what he can get; he does not set the price, he cannot organize it. It is the same thing the world over.

By Mr. Sales:

Q. Exactly. There is no organization; the farmers are an unorganized body surrounded on all sides by organized bodies who set their own prices at the cost of production plus profit?—A. Yes.

The CHAIRMAN: Are there any further questions? If not, I am sure we are very much obliged to Professor Ste. Marie.

Then it has been moved by Mr. Sinclair, seconded by Mr. Munro, and ordered:—

That Messrs. J. A. Clark, Superintendent Experimental Station, and A. E. Dewar, farmer and fruit grower, both of Charlottetown, Prince Edward Island, be summoned to give evidence before this Committee on a date to be set by the Chairman.

We will resume at half past ten on Monday.

Mr. SALES: Just a moment, Mr. Chairman, before you adjourn. I thought we were going to draw up a Interim Report.

Mr. HAMMELL: It is left to the Chairman to do that.

The CHAIRMAN: No, I would have to submit it to the Committee. The only subject we are ready to report on is Ocean Freights. I have not got it ready.

Mr. SALES: In making that, Mr. Chairman, I would like to mention one suggestion, that it was proved over and over again by the witnesses that the matter of return cargoes from Great Britain must be considered in determining a rate. If it appeals to the members of the Committee, I think that a reference to an increase in the British preference should certainly be made.

The CHAIRMAN: I have no objection to bringing that in and we will discuss it.

Mr. ELLIOTT: That is a very debatable point, Mr. Sales.

The CHAIRMAN: It will be debated, but that is the purpose I will endeavour to bring it in as early as I can in the week. I wish I could promise definitely for Monday.

Adjourned until 10.30 a.m. Monday, 16th April, 1923.

HOUSE OF COMMONS,
COMMITTEE ROOM No. 268,
MONDAY 16th April, 1923.

The Special Committee appointed to inquire into Agricultural conditions throughout Canada met at 10.30 a.m., Mr. McMaster, the Chairman, presiding.

[Mr. J. A. Ste-Marie.]

APPENDIX No. 3

JOHN WILLIAM WARD: Called and Sworn.

By the Chairman:

Q. What is your occupation, Mr. Ward?—A. I am the secretary of the Canadian Council of Agriculture.

Q. Any other occupation?—A. No, sir.

Q. You come here representing the Council?—A. Yes. I am a member of a committee that was appointed by the Canadian Council of Agriculture at a meeting held in Toronto on the 27th to the 31st of March, and I was appointed by the Council to lay before this Committee the views of the Council with regard to the condition of agriculture.

Q. Then you probably have something prepared to lay before us, and if we follow our usual practice we will ask you to briefly state your case, and then as you go on, or after you have finished, we will ask you some questions. You will realize, Mr. Ward, that we have had a vast deal of evidence, and it might be well to condense as much as possible. However, I do not want to hamper you or limit you in any way in the presentation of your case.—A. Mr. Chairman, I have followed the evidence that has been given here as far as I could by reading the evidence and also in some cases by attending and I think it has been demonstrated to you already that agriculture is in an unsatisfactory condition so far as the remuneration of the producer is concerned and I desire to point out two important factors which have contributed to the present state of affairs, and I desire also to suggest a remedy.

In the first place I wish to deal with the increase in the cost of production which is caused by the protective tariff.

Put in the fewest possible words the grievance which the farmers whom I represent have against the tariff is this: That the farmer sells his main products in the open markets of the world and in competition with the world, but when he comes to buy his implements of production and the necessities of life he must buy in a protected market and pay artificially enhanced prices.

I submit that the protective tariff as we have it in Canada today imposes a serious and unnecessary burden upon the farmer, that it increases his cost of production very materially, and that it has reduced his profits under present conditions to the vanishing point.

I submit that this is unjust to the farmer and that the development and prosperity of Canada are being hampered by the present system of tariff protection.

We object to protection on principle. We object to it not only because it hurts our own pockets and has helped very materially to make the agricultural industry unprofitable, but we object to it because it is class legislation—because it is deliberately designed to benefit one section of the people at the expense of others.

I have endeavoured to secure for the information of the Committee some figures showing the extent of the burden which is placed upon the farmers of Canada by the tariff.

Agricultural Implements

Dealing first with agricultural implements, I find that the report of the Department of Customs and Excise for the year ending March 31, 1921, shows that the imports of dutiable goods classified as farm equipment in that year totalled $11,425,848 on which duty was collected amounting to $1,917,369.67 which was at the average rate of 16.78 per cent.

By the Chairman:

Q. Let me interrupt you here. You say "classified as farm equipment." What does that include? Perhaps you have it later on, but the phrase "farm equipment" to me is a little vague.—A. There is a heading in the customs report, "farm equipment," and I have taken that item. It is given on page 280 of the Annual Report of the Department of Customs and Excise for 1921-22. Would you like me to read the items?

Q. Yes, I think so, because farm equipment might go all the way from a mower down to the equipment of the farm kitchen for instance.—A. The items included under that heading which I have reference to are:—

Binding attachment.
Cream separators, steel bowls for.
Cream separators.
Cultivators and weeders, parts of.
Machines, traction, detached, not being plows, adapted for tile drainage on farms, valued retail at not more than $3,000 each and parts thereof for repairs.
Drills, seed.
Portable engines with boilers in combination for farm purposes.
Repairs for traction engines, gas or gasoline for farm purposes valued at not more than $1,400 including automobile traction attachments.
Traction engines, gas or gasoline for farm purposes valued at not more than $1,400 in the country of production.
Traction engines for farm purposes, n.o.p.
Fanning mills.
Fodder or feed cutters.
Forks pronged.
Grain crushers.
Harrows and parts of.
Harvesters, self binding.
Hay loaders.
Hay presses.
Hay tedders.
Hoes.
Horse rakes.
Knives, hay or straw.
Knives, edging.
Lawn mowers.
Manure spreaders.
Mowing machines.
Plows and parts of.
Posthole diggers.
Potato diggers.
Rakes, n.o.p.
Reapers.
Rollers, farm, road or field.
Scythes.
Sickles or reaping hooks.
Spades and shovels of iron or steel n.o.p.
Threshing machine separators.
Threshing machine separators, parts of, including wind stackers, baggers, weighers and self feeders therefor, finished parts thereof when imported separately.
Windmills and complete parts therefor.
Parts of agricultural implements, or other agricultural implements.

These are the items included there.

This gives us item No. 1 in the increased cost of agricultural implements caused by the tariff, but it by no means represents the whole of the addition to the cost of implements resulting from protection.

In the first place, there must be added the profits of the importer and dealer upon the duty paid. When the importer brings in an article which costs him $100 and pays a duty of $20 upon it, he must naturally obtain a profit upon $120 instead of $100. If only one profit of $25 is added, $20 becomes $25. That gives us item No. 2, dealers' profit on duty, 25 per cent of $1,917,369.67 or $479,342.42.

In the case of agricultural implements, I submit that there is also justification for the claim that the price of the home manufactured article is also increased approximately to the same extent as that of the imported machine. In other words I claim that if the duties were reduced or removed altogether, implements manufactured in the United States would be reduced in price and Canadian manufacturers would be compelled by competition to reduce their prices by an equal amount. I am not asserting that all manufacturers increase their prices by the amount of the tariff.

By Mr. Stansell:

Q. If I may interrupt, in connection with the reduction of duties, if there was no tariff between the two countries, how would you prevent a gigantic combine between the manufacturers on both sides of the line to fix their prices, would not that be possible?—A. I presume anything is possible, sir, but I do not see any reason why we should not be able to buy implements from the United States just as we do to-day except that there would not be any duty.

Q. It is quite possible that if there were no national boundaries or restrictions there might be a world-wide combine which would be more detrimental to the people than the present condition, under the tariff?—A. A combination would be more difficult if it had to include all the manufacturers in the United States and Canada. That would be much more difficult than simply a combine of Canadian manufacturers.

Q. Possibly it would, but if a reduction of the duties operated as the friends of the tariff say it would, enabling a big manufacturer on the other side to put the smaller concerns on this side out of business, when they had only one manufacturer left on this side it would be very easy to get him to co-operate with them and we would have one combine in the place of two.

Mr. CALDWELL: If I might interject, Mr. Chairman, I think that is an argument that has been ridden to death.

The CHAIRMAN: I think in fairness to Mr. Stansell that questions should be answered, and then if you wish to make any observations, I will not prevent you, Mr. Caldwell. But I think that any discussion should take place between the witness and the questioner.—A. I do not think there is anything in that. I do not see any reason why taking the tariff off should cause a combine. There are two or three things that are imported into Canada free of duty, that concern the agricultural industry; there is the cream separator; I do not know that there is a combine of the manufacturers of cream separators, to put anyone out of business. And we get our twine free of duty and there is real competition between the manufacturers of twine in the United States, Canada, and other parts of the world, and the result is that twine is very little higher in price now than it was before the war, but agricultural implements are very much higher.

By Mr. Stansell:

Q. I am not trying to prove the great advantage of the tariff. I am not a very high tariff man, but I want to find a remedy for existing conditions, and

to be sure that the remedy is not worse than the disease, and knowing that human nature is always the same, I wanted to know what your opinion was as to the removal of all tariff barriers whether there would be a danger of what I have said?—A. Well, my answer is that I do not think so.

In the case of agricultural implements, however, there is good reason for making this claim—that the price of the Canadian-made machine has increased by the amount of the duty—because if Canadian machinery were cheaper than that which comes from the United States, farmers would naturally purchase Canadian machinery almost exclusively and imports would practically cease. Instead of that being the case, prices of Canadian-made and imported implements are practically equal, and imports from the United States continue in large volume.

By the Chairman:

Q. Just there, can you tell the Committee whether or not there are duties imposed on these articles going into the United States or whether they go in there free?—A. I am not sure, sir, what the new tariff in the United States is on that.

Q. The new tariff was not in force in the year ending March 31st, 1921? —A. Well, I do not remember what the American tariff was. I have not looked that up.

Mr. CALDWELL: That is on farm machinery.

The CHAIRMAN: I do not think there was any but I was wondering whether the witness knew.

The WITNESS: I do not remember.

By Mr. Stansell:

Q. What effect would it have if the remedy you propose, the removal of the tariff, were applied, and the American tariff still remained as it is, over which we have no control? That is taking down the tariff on imports of machinery or anything else under that head, the tariff that the Americans have in force being rather high, would that be beneficial to business in Canada?—A. The first result of that would be, that we should have a lower cost of living in this country than they have in the United States, if we had no duties and they had a high tariff, and the result would be that we would have a lower cost of production and our manufacturers would be in a very advantageous position to beat the American manufacturers in the markets of the world.

Mr. CALDWELL: I believe there is no duty on farm implements going from Canada to the United States.

The CHAIRMAN: I have asked the Secretary to go to the library and get the last tariff and the Underwood Tariff. We will get the facts as to whether there is or is not; I think there is none.

Mr. CALDWELL: I would like to continue this question, Mr. Chairman, if I might, in view of the fact that the question will go on the record, and the reply to it. The witness is not advocating the taking of the duty off everything coming from the United States, he is in favour of the taking off of the duty on farm implements. Would he advocate, in view of the high tariff on some goods coming from the United States, while they pay no duty on goods going to the United States, the taking off of the tariff, or some of it; if there was a high duty going to the United States, the condition would or might be different.

By Mr. Stansell:

Q. If you consider only agricultural implements, how would you decrease the cost of production of our manufactured goods, if this only applies to agricultural implements?—A. If you would hear what I have to say on that matter, perhaps your questions would be better or more applicable. If you will let me finish this matter of the tariff, I think it would be as well, because I will deal with some of the things you are asking me about.

Mr. STANSELL: I thought it better to go through with it, since the question was raised.

By Mr. Caldwell:

Q. You spoke of free imports of agricultural implements. Do you propose to deal with that later on?—A. Yes.

Q. If you do not, I would like you to tell us what you include in free materials—raw or finished materials?—A. Both.

The CHAIRMAN: As the witness has a carefully prepared written statement, I think we had better let him read it, and there will be certain questions which suggest themselves to us, which may be answered in the latter part of his remarks.

Mr. CALDWELL: I was referring to that myself; if one is allowed to ask questions another should be allowed to ask questions too.

The CHAIRMAN: We will all impose this rule upon ourselves, and the Chairman will follow his own ruling.

WITNESS: The farmer then not only pays the duty on imported machinery and the dealers' profit on the duty but also an equal amount in added cost when he buys Canadian-made implements.

A report prepared by the Mining, Metallurgical and Chemical branch of the Dominion Bureau of Statistics, published in 1922, shows that the products of the agricultural group of manufactures in Canada in the calendar year 1920 were valued at $50,301,302. This total includes $1,683,634 worth of cream separators which are not dutiable, and if this item be eliminated the total production is $48,617,668. Turning again to the Customs report we find that in the year ending March 31, 1921, exports of agricultural implements totalled $12,647,602, or excluding cream separators ($157,208) $12,490,394. Subtracting exports from the Canadian production, excluding cream separators in each case, we find that there was an apparent consumption of Canadian-made implements of a class which when imported are subject to duty, to the value of $36,127,274. The average tariff rate of 16·78 per cent applied to this figure gives us $6,062,-156.57, which is item No. 3 which the farmer had to pay in the increased cost of his implements, and adding again 25 per cent of this for the dealers' profit we get item No. 4, $1,515,539.14. The four items I have given total $9,974,407.80, which I estimate as the increased cost to the farmer of agricultural implements by reason of the tariff in one year. This by the way is 5·2 times as much as the Dominion Government received in revenue from the duties on agricultural implements.

Does the implement industry need protection? Even if we were to admit for the sake of argument that a tariff may sometimes be justified in order to protect infant industries and enable them to become established, I submit that even on this ground the agricultural implement industry has long ago reached the stage where its protection is no longer necessary. Perhaps the best test that can be applied in order to ascertain whether or not an industry is able to stand on its own feet and meet competition on equal terms, is an examination of the figures of imports and exports. If we find that the products of Canadian fac-

tories are being sold abroad in competition with the goods of other countries, it is a fair inference that they could also he sold in this country under similar conditions. The reports of the Customs Department show the folowing figures with regard to farm equipment:

Year ending March 31	Free Imports	Dutiable Imports	Exports
1921..	$13,092,094	$11,425,848	$12,647,602
1922..	2,501,661	5,270,058	5,372,127

An examination of the detailed figures shows that in the fiscal years 1921 and 1922, exports considerably exceeded imports in seven of the principal implements used on Canadian farms. The figures are as follows:

Year ending March 31, 1921:—

	Imports	Exports
Harvesters and binders	$1,001,575	$2,826,657
Plows and parts of	2,526,503	3,628,386
Mowing machines	79,275	1,005,453
Cultivators and weeders	117,170	488,133
Seed drills	211,580	421,899
Harrows and parts of	382,770	355,339
Rakes (horse and n.o.p.)	45,468	168,453

Year ending March 31, 1922:—

	Imports	Exports
Harvesters	$ 319,807	$ 449,013
Plows and parts of	554,846	1,465,919
Mowing machines	36,143	369,762
Cultivators	62,695	180,280
Seed drills	38,079	500,084
Rakes	8,095	49,353
Harrows and parts of	71,178	134,335

The Customs report also shows the countries to which these Canadian-made implements were exported. In the fiscal year 1921, our Canadian manufacturers sent plows to the value of $1,229,852 to the United States. Of cultivators they sent $163,414 worth to Australia, $112,519 worth to France and $94,273 worth to the United States. Of drills they sent $111,206 worth to Australia and $193,641 worth to Argentina. Of harrows they sent $43,878 worth to the United States and $88,013 worth to Australia. Of harvesters (the Customs department calls a binder a harvester) they sent $300,889 worth to the United Kingdom, $730,248 worth to Australia, $929,602 worth to France, $257,071 worth to Spain and $389,928 worth to the United States.

In the face of these facts it is difficult to understand how it is possible to justify the continuance of protective duties on agricultural implements imported into Canada. If our Canadian manufacturers can sell their implements in Australia, in France, in Spain, in the United Kingdom, in Argentina and even in the United States in competition with manufacturers in those countries and in all parts of the world, surely they can meet the same competitors, and meet them successfully, in Canada. We have indeed the evidence of one of the largest if not the largest implement company in Canada that they do not need protection. The late Mr. Thomas Findley, then President of the Massey-Harris Company, giving evidence before the Tariff Commission at Winnipeg, September 14th, 1920, said:

"So far as the Massey-Harris Company is concerned, even to-day placing no other consideration in the scales but that of money-making,

we should be quite prepared to have the tariff taken off our implements if at the same time it were taken off everything that enters into the cost of producing them. In fact, considering how large our foreign trade is in proportion to the whole, we honestly believe we could make more money under such a free trade condition than we are making at the present time.

On August 14th, 1917, following a very full discussion of the whole tariff situation and its effect upon our company, the following resolution was unanimously passed by our directors and placed upon the minutes of the board:

"A further discussion of the tariff situation followed and the President submitted figures illustrating the effect of the tariff on our business, and, while the consensus of opinion was that, given free materials, machinery and all other articles entering into the manufacture of our goods and the operation of our plants, we would be as well off with free agricultural implements, it was not thought desirable to make a statement of any kind at present with regard to the position, on account of the unsettled political situation, and the feeling that the effect of practically free trade on other 'manufacturing industries might be different from its effect on ourselves.' "

Effect of Duties Generally

So far I have dealt only with the duties on agricultural implements, but these of course are only one item in the farmer's costs. The ten million dollars in round numbers which I have spoken of as the increased cost of agricultural implements does not include any estimate of the increased cost of farm buildings due to the duties on lumber, hardware, paint and cement. It does not include any allowance for the increased cost of oil for lubricating and fuel purposes, it does not include anything for the duties upon harness, or fencing, fertilizers, spraying materials or anything else, other than agricultural implements, that is used upon the farm. Neither does it include any estimate of the increase in the cost of living—the food, clothing, furniture, household equipment, coal and the general necessities of life. All of these things are part of the farmer's cost of production, and it is difficult to find any item in the farmer's expenses, or indeed in the expenses of anyone living in this country, which is not, directly or indirectly, increased by reason of the protective tariff.

I think it must be admitted that the cost of living generally is increased for all the people by the protective tariff, and that means that everyone who works for a living, whether he be a labourer, a clerk, a professional man, a business man, a mechanic, or a Member of Parliament, must be paid at a higher rate in order to enjoy the same scale of comfort. This means not only that we must pay a higher price for the commodities and services which we purchase as individuals, but it means also that our public expenditures are larger, and our taxes, municipal, provincial and federal, are higher than they otherwise would be.

But while the tariff increases the farmer's cost of production and all his expenses, it does not, so far as his main products at least are concerned, benefit him by one cent. The farmer, it should be noted, has no opportunity to pass on to others his increased cost of production. When the manufacturer finds his costs have gone up, he raises his prices; when the merchant's expense increases he takes a bigger margin of profit, when the workman has to meet a rise in the cost of living his right to a larger wage is recognized. But the farmer, depending upon foreign markets very largely for the price of his products, is helpless. He cannot insist on higher prices but must take what the market affords, and he becomes the victim to whom the manufacturer, the middleman and the wage earner pass on a large part of their increased costs, together with a considerable portion of their tax bills.

Let me interject here, Mr. Chairman, to say that it has been suggested that there is one place to which the farmer can pass on his increased cost, that is, to his wife and family, who work without wages and even the necessities of life.

A burden on industry

The protective tariff is generally supposed to be a benefit to our manufacturing industries, but I submit that it is not an unmixed blessing even to them. It is true that the tariff schedules have been drawn up in such a way as to impose as little burden as possible upon the manufacturer, and that raw materials and partly finished products when imported for use by manufacturers come in either free or at rates of duty much below the average. The manufacturers nevertheless pay considerable amounts in import duties, and their cost of manufacturing is increased by reason of the fact that it is carried on in a protected country and because the cost of living of their employees is increased by the tariff. When his goods are sold in the home market the protected manufacturer is no doubt able to amply recoup himself by the higher price which protection—and sometimes combination—enables him to secure, but the manufacturer who produces for export suffers the disadvantages, without getting the advantages, of protection.

It would be difficult to give an exact figure as to the increase in the cost of living and of commodities generally which results from the tariff. We know, however, from the Customs returns that the average rate of duty collected on all imports, dutiable and free, for the year ending March 31, 1922, was 16.25 per cent. The average rate on dutiable goods was 24.51 per cent. On raw materials and goods not ready for consumption, the duties are below the average, and on finished goods such as the consumer purchases, the average is of course higher. I believe that it would be a fair statement that the cost of everything which we buy in this country is at least 20 per cent higher on the average than it would be if there was no protective tariff. This means that for every dollar's worth of wheat which the farmer sells he gets only 80 cents worth of commodities and services in return. It means that the wage earner who gets $20 a week can only buy $16 worth of food, clothing, shelter and amusements with his money. It means that the manufacturer whose plant costs a million dollars a year to operate is paying $200,000 a year more than is necessary. It means that the whole national income is depreciated in its purchasing power by 20 per cent of the total.

Tariff Reduction Proposed

I do not think the Committee would wish me to go into details as to the changes which the farmers whom I represent desire to see made in the present tariff law, but I may say that in general terms what we immediately seek is:

A substantial, all round reduction of the Customs tariff on the necessities of life.

An increase in the British preference.

Reciprocity with the United States along the lines of the 1911 agreement.

Free importation of agricultural implements, fertilizers, lumber, cement, illuminating, fuel and lubricating oils, and of all raw materials and machinery used in the manufacture of these things.

Vehicles I find I have missed, but that item should go in after Agricultural Implements. It is meant to be agricultural vehicles.

Just here I think it is important to consider the first clause, a substantial, all round reduction of the Customs tariff on the necessities of life, because if

that takes place it will reduce the cost of manufacture. If you take one particular industry and reduce the protection which it has enjoyed, that puts it at a disadvantage as compared with other industries; we must admit that. So when we reduce the tariff anywhere, it seems to me that it ought to be reduced all round, as far as possible, and that the thing works either way. When one industry gets protection, another needs it, and when you begin increasing, there is no telling when to stop, and when you begin decreasing, the more you decrease in one direction the more easily you can decrease in another.

I would like to impress upon the Committee before concluding this statement the fact that the farmers for whom I speak feel very strongly that they have a very serious grievance in the burden that is imposed upon them by the protective tariff. They ask no favours at the expense of any other section of the community, but they do object to a law which imposes a tax upon them for the benefit of persons engaged in another occupation.

Even if the farmers were able to carry the burden it would be unjust, and I think you will agree with me that sufficient evidence has been laid before this Committee by previous witnesses to convince you that the farmer is absolutely unable to-day to carry any unnecessary burden.

Mr. Chairman, I want to lay before you a resolution with regard to long term credits. Do you wish to hear that, or would you like to ask me some questions?

The CHAIRMAN: It depends a great deal upon this, Mr. Ward; do you propose to remain in attendance upon the Sessions of this Committee?

WITNESS: I expect to remain in the city for a while, Mr. Chairman.

The CHAIRMAN: What we hoped to do was, to open up our investigation of rural credits next week, and although we would be glad to hear you now if it would meet your personal convenience better, still if you were to be here next week it might be preferable to hear you next week, when other witnesses will be heard on the same question.

WITNESS: That will be satisfactory to me; I intend to be here next week.

The CHAIRMAN: That will be very satisfactory. Have you any questions to ask, gentlemen?

By Mr. Stansell:

Q. There is this question, whether there is any danger in certain industries of having a substanial reduction or an elimination of the tariff, or whether there should not be a gradual reduction on them all. Another question I would like to ask is, would you think it advisable if we went on with a gradual reduction looking towards the final elimination of the tariff, but without a reciprocal action on the part of our chief competitor; in other words, when you are dealing with a high tariff people, would you say that we should work towards free trade?—A. Suppose we as consumers pay duties upon goods we import into this country, I think it would be very foolish of us to impose a penalty upon ourselves simply because the people of another country are penalizing themselves.

Q. But under an arrangement such as that, where do you consider the manufacturing centres of all the main manufactured articles would land?—A. Of course you must understand that I have not suggested that the tariff should be wiped out. We recognize that we have to deal with conditions as they are, that industries have been built up under certain conditions, and that a great deal of readjustment would have to be made, and a great deal of hardship would probaly occur if those conditions were suddenly changed. What we desire is, that some progress should be made along that line, and I believe that if we reduced our tariffs generally and so reduced the cost of living and the cost of production, that

that would be an advantage to our manufacturers. They are now striving to increase their foreign markets; the Government is endeavouring to assist them, we have trade agents all over the world, we spend a lot of money improving the harbours and channels of navigation and so on to increase our foreign trade. The more we can do to reduce the cost of producing goods in this country, the more easily our manufacturers will be able to get into foreign markets and increase their trade there. I am speaking now to a Committee that is dealing with the conditions of agriculture generally, not the condition of the manufacturing industry. I am here to say that the tariff increases the cost of production; I believe that is something you want to get at, and if it is agreed that the tariff does increase the cost of production, the question is whether that is not a reason why you should recommend that the tariff be reduced. I do not see any justice in it. The tariff in effect is a tax upon the farmer—I am speaking of the farmer, although this may apply to others, it is a tax upon the farmer presumably for the benefit of the manufacturer, and I say that there is no justice in a tax imposed upon one section of the community for the benefit of another. It is to save the business of this country. The tariff is also preventing immigration into this country. If settlers could come into this country and buy their machinery, their food, their clothing, the material for their houses, and everything else at a lower cost, there would be more people coming into this country, and they would have a better chance of making a living when they get here than they have at the present time, and from the point of view of the agricultural industry, there is an unjust and unnecessary burden placed upon us. That is the position I take.

By Mr. Elliott:

Q. Mr. Ward, do you know what the average tariff in the United States is?—A. I do not know.

Q. Is it higher than the Canadian average?—A. I don't know. I know the proportion of the revenue the United States enjoys from the tariff is very much smaller than ours.

Q. You spoke of cheapening the cost of production as a result of the lowering of the tariff?—A. Yes, sir.

Q. Also of the effect it would have upon the cost of living?—A. Yes.

Q. You will admit I think that the average cost of living is lower in the United States than it is in Canada?—A. Yes.

Q. Also that the cost of living is lower in Great Britain than it is in Canada?—A. I believe it is.

Q. Can we hope to reduce the cost of living—I am not speaking of the people but as a class—to the level of what it is in Great Britain and what it is in the United States, owing to our peculiar conditions?—A. Practically I think we could reduce it to the level of the United States. It is true that the United States is a highly protected country; here in Canada we buy from a highly protected country, and we put on another protection, so that we pay high tariff prices to the United States plus the Canadian tariff, and a great deal of our imports of course come from the United States, because their country is somewhat similar to ours, and they produce the kind of goods we need. We pay high prices caused by the tariff, and on top of that we put our own tariff.

By Mr. Caldwell:

Q. I would like to ask you this question; have you any figures along the line of the duty free raw material imported by the manufacturer; is it not a fact that the Canadian manufacturer to-day virtually enjoys free trade owing to the fact that the raw material is brought into his factory; he imports

iron and steel and nearly all the raw material used in the manufacture of farm implements either duty free or he gets a rebate of about 99 per cent of what he pays?—A. Yes. The duties on raw materials and partly finished goods are very much lower, and in very many cases they are free, and we frequently find in the tariff a certain article when imported by the manufacturers for use in their factories free, but if you or I imported the same article we would pay the duty upon it. The manufacturer imports his raw material free, then applies a certain amount of labour to it, and produces an article which is protected by the duty, so that the protection he gets is really considerably more than it appears to be. If he buys one dollar's worth of raw material and puts one dollar's worth of work upon it, and the duty is 25 per cent, the protection there is 50 per cent, while he has only done one dollar's worth of work he has one-half of his article duty free, and he really also has protection to the extent of 50 per cent, whereas the tariff is only 25 per cent.

By Mr. McKay:

Q. Is it a fact that the farmer gets all his raw material in duty free?—A. Not all his material is free. The manufacturers import quite a lot of things in a partly manufactured condition.

By the Chairman:

Q. You stated in your memorandum that it increases the cost of production to the manufacturer, because he pays a duty on some of his raw material; is it not a well known fact that one man's finished article is another man's raw material?—A. Yes.

Q. The raw material of the man who makes up ready-made clothes is the final product of the mills that make wool, silks and so forth?—A. Yes.

Q. You were asked a question as to the rates upon agricultural implements and machinery going into the United States. The clerk has kindly brought from the library the tariff law of the United States known as the Underwood Bill. The free list is published on page 833 of Kelly's Customs Tariffs of the World of 1915, and reads as follows:—

> "Agricultural Implements: Plows, tooth and disc harrows, headers, harvesters, reapers, agricultural drills and planters, horserakes, cultivators, threshing machines, cotton gins, machinery for use in the manufacture of sugar, waggons and parts, and all other agricultural implements of any kind and description, whether specifically mentioned herein or not and whether in whole or in parts, including repairs parts."

That was the Underwood tariff. Now I turn to the last Tariff Act of 1922, and we find on the free list, which is published on page 360 of the United States Supplement, No. 23, the following free list:—

> " Agricultural Implements: Plows, tooth and disc harrows, headers, harvesters, reapers, agricultural drills, planters, mowers, horserakes, cultivators, threshing machines, cotton gins, machinery used in the manufacture of sugar, waggons and parts, cream separators valued at not more than $50, and all other agricultural implements of any kind or description not specially provided for, whether in whole or in parts, including repair parts, provided that no article specified by name in Title I shall be free of duty under this paragraph."

Those would be articles which were not specially declared to be free, but would be declared to be taxed under the first article of the tariff, which is dutiable goods. The tariff is divided into Title I schedules and Title II free list.

There is this blanket clause, All other agricultural implements of any kind and description not specially provided for, whether in whole or in parts, including repair parts, provided that no article specified by name in Title I shall be free of duty under this paragraph.

We will look up and see plows, for instance; if plows are specified as being dutiable. Plows are in the one I have read; they will not be dutiable. I think we may say that generally speaking agricultural implements go into the United States free of duty, and no doubt that explains why there are certain importations of agricultural implements manufactured in Canada going into the United States. I would imagine that it would come down to a question of freight rates, that the International Harvester's plant at Hamilton could supply certain parts to northern New York as cheaply as the Harvester plant at Chicago, if they have one—and I think they have—I think it is their headquarters, and as far as imports into the United States are concerned, the United States farmer can draw upon Canada for his manufactured implements, his agricultural implements. The Canadian International Harvester Company is owned by the same interests as in the United States. I think that is the case.

The CHAIRMAN: It would attract business to those plants where the distributing of the implements could be done in the cheapest manner.

Mr. CALDWELL: Mr. Chairman, another item I would like to add if it is possible, while you have the United States tariff before you: the duty on boots and shoes going from Canada to the United States. And also a third item; fertilizer.

By Mr. Elliott:

Q. Mr. Ward, in view of the statement the Chairman has just read, do you know the price of Canadian machines in the United States? Say the Canadian binders sold to the consumer in the United States, as compared with the price in Canada?—A. I do not know of my own knowledge what the price of implements is in the United States.

Mr. HAMMELL: That would be very important to know?—A. Yes. In order to get those facts in a satisfactory way, I think you will have to get someone who can speak with authority. For instance someone from the International Harvester Company.

Q. We could get the price list.—A. But when you get price lists there are all sorts of explanations that have to be made about the prices. They are sold under a different system in the United States from what they are in Canada. I get this from evidence I heard before the Tariff Commission, that in the United States the dealer buys the machine, sets his own price upon it and sells it to the farmer. In Canada the retailer is an agent for the manufacturer, and the manufacturer owns the machine until it is paid for.

Q. Is that so in all cases?—A. I don't know that it is so in all cases.

Mr. CALDWELL: There is another thing, Mr. Chairman: that in the terms to the Canadian retail agent, there is a clause that he must sign in his agreement, that he will not sell below the price specified by the Canadian manufacturer. I know that because I have copies of their agreements.

Mr. SINCLAIR: Does that apply to every company?

Mr. CALDWELL: I do not know that it does. I know it does to the Massey Harris.

The CHAIRMAN: I am now prepared to answer your question as to whether boots and shoes go into the United States free of duty. On page 367 of the

United States Statute, cumulative Supplement 1923, I read under the caption Free List:

"1607: Boots and shoes made wholly or in chief value of leather."

I also read the preceding paragraph:

"Leather: all leather not specially provided for; harness, saddles, and saddlery in sets or parts, except metal parts, finished or unfinished, and not specially provided for; leather cut into shoe uppers, vamps, soles or other forms suitable for conversion into manufactured articles; and leather shoelaces, finished or unfinished."

Mr. HAMMELL: Have we any means of finding out what amount of those items went into the United States?

The CHAIRMAN: Yes. I will take note of that. We can get that from the Dominion Bureau of Statistics, the amount of goods, in the last fiscal year of which they have record, which went into the United States free of duty, of the nature of leather goods and boots and shoes. I have the new Tariff Act of 1922, and we can see whether there is any change. I will just read it. Article 530 is:—

"All leather not specially provided for in this section and leather board or compressed leather. Leather cut into shoe uppers for vamps or other forms suitable for conversion into boots and shoes. Boots and shoes made wholly or in chief value of leather. Leather shoe laces finished or unfinished. Harness, saddles, and saddlery in sets or in parts, finished or unfinished."

So the law of the United States since October 3rd, 1913, under that note to the tariff, and under the present tariff, makes leather and boots and shoes free.

Now you spoke about fertilizer?

By Mr. Caldwell:

Q. While the Chairman is looking this item up may I ask the witness this Question: you spoke of the difference in method in selling farm machinery to the farmers in the United States and Canada. Have you any evidence of the fact that the farmer in the United States is able to buy machinery cheaper than the farmer in Canada, without any regard to the different methods of selling?—A. I am not able to give you direct evidence upon that point. I could give you prices upon that point. I could give you prices from a catalogue, but Mr. Reid is going to give evidence and he has some prices that are taken from mail order catalogues.

Q. He is going to cover that point?—A. Yes, he will give them to you. There is one thing, I am not sure if I read my last paragraph correctly, as to what we asked to be done to the tariff at this time. If it is as follows:—Free importation of agricultural implements and vehicles, fertilizers, lumber, cement, illuminating, fuel and lubricating oils, and of all raw materials and machinery used in the manufacture of these things. We want to give the agricultural implement manufacturers every possible relief from the tariff, and we believe that the position that that industry is in now, with the large exports that it is able to make, puts it in a position to compete on equal terms with the manufacturers in other countries; and of course I read to you a little while ago the statement of Mr. Findley, which was supported by the resolution of his company that they would be able to make more money under free trade conditions if they had everything free that goes into their cost of production.

The CHAIRMAN: I am prepared now to answer the question propounded by Mr. Caldwell concerning fertilizer going into the United States, under a note to the tariff which was item 499 of the Free List, and which item was framed in the following terms:—

> "Guano, manures and all substances used for manure including basic slag, ground or unground, and calcium cyanamid or lime nitrogen."

And under the new Tariff Law of the United States it is found in the Free List under paragraph 1583: "Guano, basic clag, ground or unground, manures, and all other substances used chiefly for fertilizer, not specially provided for; provided, that no article specified by name and title I shall be free of duty under this paragraph."

Mr. MUNRO: That will include potash?

The CHAIRMAN: Yes, I would say so. Unless potash is specified as being subject to duty.

Mr. CALDWELL: Of course, potash is not produced in Canada and sent to the United States. It comes from Germany.

The CHAIRMAN: A Customs tariff is one of the greatest puzzles imaginable. I suppose that will be under "Chemicals." I will not delay the Committee now, but I will have that looked up. Meantime, I think we can say that with small exceptions fertilizers go into the United States free of duty.

Mr. CALDWELL: I am quite sure on that point, Mr. Chairman, but I wanted it on the record.

Mr. GRIMMER: Those are some of the ingredients that go into fertilizer. Would you take it that the manufactured fertilizers go in free.

The CHAIRMAN: Yes, I would. In answer to Mr. Grimmer's question, I will read the words again:

> "Guano, basic slag ground or unground, manures and all other substances used chiefly for fertilizer not specially provided for."

I should think the word "manures" covers fertilizers, and that the other "substances used chiefly for fertilizers" would cover all in the nature of guano and basic slag. I should say they all go in free, Mr. Grimmer. The exceptions are provided, that no article specified by name in title "I" shall be free of duty under this paragraph.

We would have to go all through title "I" to see what there was.

Mr. CALDWELL: Can you have that done, Mr. Chairman, and put on record at a later period?

The CHAIRMAN: Yes, I will have that done.

Mr. CALDWELL: The fact is that the chemicals that compose fertilizers go in free under that Statute, but there is a duty of ten per cent on mixed goods.

The CHAIRMAN: We have spent some time with this witness and I am sure we are all very much obliged to him for his attendance. Are there any other questions?

By Mr. Tolmie:

Q. Yes, I have one question. Are you acquainted with dairy conditions, Mr. Ward?—A. No, sir.

By Mr. Sinclair:

Q. I did not hear the first of your memorandum. Have you submitted any detailed figures showing the cost of agricultural implements in the United

States and what they cost in Canada?—A. No, sir, what I submitted was a statement showing how the cost of agricultural implements is increased by the tariff.

Q. That is wholly a question between Canada and the United States.—A. Well, we import implements from the United States and we pay a certain rate of duty upon them, and naturally the cost is increased by that amount.

Q. If the tariff on agricultural implements were reduced, what difference would it make to the farmer in Canada?—A. The rate of duty on dutiable implements as I have worked it out was 16·78 per cent.

Q. You made the statement that it would reduce the cost if those duties were removed. Are you able to give us the cost of certain implements, what they cost now and what they would cost if the duty was removed, to the man who buys in Canada.—A. We have endeavoured to secure from the Customs Department how much the duty is on certain implements. We know what the rate is, but they won't tell us what the duty is upon a binder for instance. That is how much duty they collect upon a binder.

Q. They do not give you the valuation of the binder?—A. No, they will not give us the valuation for duty. That is providing information belonging to the importers.

Q. Why should we not get that?

The CHAIRMAN: We can get it before this Committee.

By Mr. SINCLAIR: I wanted to bring out the point in dollars and cents what the difference would be, and not in the rate only. It may not mean such a great reduction in the cost of living. It might mean a reduction in the cost of implement, but that is only one item in the cost of living.—A. Mr. Findlay, of the Massey Harris Company, giving evidence before the Dominion Government Tariff Commission at Winnipeg, on the 14th of September, gave the duties upon a list of implements, and he gave the duty upon a binder as $25; on a manure spreader $27. Gang plow $11.10.

Q. What year was that?—A. This was in 1920.

Mr. HAMMELL: Mr. Ward, do you think the duty on agricultural implements alone is a very great factor in the cost of production, from the fact that the farmer only buys perhaps one implement of a kind over 15 or 20 years.—A. But the farmer is buying implements all the time and he is buying repair parts for his implements all the time.

Q. He is not buying the same implement all the time or else there is something radically wrong with him?—A. No, but one year he buys one thing and another year he buys another. I gave two figures which show the "apparent consumption" of agricultural implements in Canada, and assuming that the home manufactured article is increased in price to the same extent as the imported article pays duty, with a profit of 25 per cent upon that duty, the result of that calculation is that in that year the increased cost of agricultural implements to the farmers of this country was in round numbers ten million dollars.

Now you must remember, some people will divide that; they will take the value of an outfit, and then they will divide it by ten or fifteen, and then tell you how much it is a year. But our farmers in the West, at any rate a great majority of them, buy their implements on time, and they pay interest on a large part of the cost, and it is not a matter that if a machine costs $100 that that means ten dollars a year for ten years to pay for that implement; it means somethink like ten dollars a year to pay interest on it.

Q. I am not disputing that it is one factor, Mr. Ward, but I do not believe that it is as important a factor as some other things. For instance the duty

on boots and shoes and clothing. We have to buy a supply every year.—A. Well I have stressed the implements, but I went on to speak about the cost of production generally being increased by the tariff, the duties upon the necessities of life, boots, shoes, clothing, the duties upon woollen goods and everything that we use. We ask that the duties generally be reduced so as to reduce the cost of living, and therefore the cost of production, and therefore put us in a better position to sell in the markets of the world at a profit. The tariff does not increase the price of wheat sold at Liverpool but it does increase the cost of growing it and to quite a material extent, and that puts the farmer at a disadvantage which is entirely artificial and created by law.

By Mr. Sinclair:

Q. When you state that ten million dollars would be saved to the Canadian farmer, how do you arrive at that figure?—A. I took the duties collected by the Customs Department, as shown by the Customs returns for the year ending March 21, 1921, which was $1,900,000 duty collected on agricultural implements. The exact figures were $1,917,369.67. When an importer brings in an article which costs him $100, and pays a duty of $20 upon it, he must naturally obtain a profit upon $120 instead of $100. If only one profit of 25 per cent is added, that $20 becomes $25. This gives us Item No. 3, dealers' profit on duty of 25 per cent, which is $479,342.42.

Q. $479,000 added to the first item, you add the dealers' profit to the duty?—A. Yes.

Mr. CALDWELL: Mr. Chairman, the witness has given all this, and it is on record. I submit that we are wasting time.

The CHAIRMAN: Do not let us interrupt this question.

By Mr. Sinclair:

Q. I would like to finish this analysis. Will you go on please?—A. Then I got the figures showing the production of agricultural implements in Canada, from the report of the Mining, Metallurgical and Chemical Branch of the Dominion Bureau of Statistics.

Q. You assume that the production would be absorbed in the sales of that year?—A. I deducted from the Canadian production, the exports; and I eliminated from the figures, the cream separators which are not dutiable. Then the term is used in this report "Apparent consumption." If you take the exports and the home production and subtract the exports, the balance is the apparent consumption for that year.

By the Chairman:

Q. Provided they did not carry over a lot of stock?—A. But they would be carrying over stock from the previous year possibly too. Anyway that is the figure I took. Then I applied the average rate of duty upon dutiable implements which was 16·78 per cent to that, and I found that the apparent consumption was $36,127,274. The average tariff rate of 16·78 per cent gives us $6,062,156.50, the increase in price corresponding to the duty. Then 25 per cent of that again as the dealers' profit on the duty, $1,515,539.49. And the four items total $9,974,407.80. That is the way I arrived at it.

By Mr. Sinclair:

Q. As against that have you another account to show that if those machines were supplied without duty, what the saving would be?—A. Just exactly that amount, sir, approximately ten million dollars.

The CHAIRMAN: That is the witness' estimate.

APPENDIX No. 3

By Mr. Tolmie:

Q. You say that the average duty on implements is 16·78 at the present time?—A. No, that was the year ending March 31, 1921.

Q. They have been very much reduced since then?—A. They have been reduced since then. The reason I took that year was that that was the calendar year of 1920, and the last year from which I could get the figures of the home production. The duties have been reduced, sir. But that is an admission of the principle for which I contend. Why should the duties on agricultural implements be lower than on other things?

By the Chairman:

Q. It is an admission of what you contend, but it rather vitiates the figures you have placed before us; they are not as high as that?—A. No, they are not as high now.

Q. Don't you think that at the outset you should have told us that these figures were subject to correction because the duties have been lowered? Or taken the trouble to work out the figures under present conditions?—A. You cannot get the figures for the present conditions, sir. The tariff was changed last June and we have not the statistics since that.

Q. I may have been stupid but I have been going all along on the assumption that what you placed before us represented actual conditions, present day conditions. You may have indicated to the Committee that you were representing something different from actual present day conditions, but that did not penetrate my mind. I thought this was present day conditions you were putting before us, and that really the tariff as it actually stood placed a burden of ten million dollars in increased prices of agricultural machinery on the Canadian people. Now apparently I got the wrong idea, and it is something less than that. —A. I am sorry, sir, if I gave you that impression. I took those figures because those were the latest complete returns which I could get. The duties have been reduced since then.

Q. I do not blame you for that.—A. The duties have been reduced since then.

Q. Your figures are of value as being illustrative of the principle?—A. Yes.

Q. Have you thought by what amount the reduction of the duties reduced these figures?—A. I have not figured that out.

Q. You find yourself face to face with this difficulty, that you are dubious in your own mind as to whether the valuations are the same; you are fearful that the valuations have been raised—I understand that from you?—A. The valuations have been reduced. We can get at it roughly in some cases by taking the number imported and the value, but in some cases we cannot do anything like that, because it includes parts, and we cannot get the number.

Q. Anyway, you made an estimate of $10,000,000 as the increase in the cost to the consumer of Canadian agricultural implements under the tariff as it existed prior to the last revision. The last revision was a revision downwards; have you any idea what those figures of $10,000,000 include?—A. No, I have not.

By Hon. Mr. Tolmie:

Q. Were agricultural implements not reduced in 1921 to 12½ per cent; where do you get the average of 16.78?—A. I took the total dutiable goods under the Customs returns, and the amount of duty collected, and divided the one into the other.

Q. Would it include autos and tractors—automobiles and tractors?—A. Not automobiles.

[Mr. J. W. Ward.]

By Mr. Hammell:

Q. Tractors are included?—A. Tractors are included. Tractors under $1,400 in value are free; they are not included.

By Hon. Mr. Tolmie:

Q. In the proposed reduction in the tariff, have you or your council any suggestion to make as to the way of making up that loss; what other form of taxation would you suggest?—A. In the first place, you could not devise any agreement.

By the Chairman:

Q. You should answer the question directly, and then make your own answer at another time. You could not possibly devise any means of raising revenue more wasteful and costly than by way of the tariff?—A. I would say this, that there are a large number of farmers in this country who would be pleased to pay income taxes if they could only get enough income to pay them. We believe there are a lot of them who are below the income tax figure, who are not paying any income tax. If you can improve conditions so that they can get sufficient income, they will be glad to pay an income tax. We believe a larger amount could be collected by a more efficient collection of the income tax; we believe there are a large number not paying income taxes who should pay them.

By Mr. Stansell:

Q. What classes do you refer to?—A. All classes.

By Hon. Mr. Tolmie:

Q. All classes, do you say?—A. Yes, sir. There are a large number of items the people do not know anything about. There are people in the City with large incomes who pay little or no taxes.

By Mr. Stansell:

Q. Have you any information upon that point, or is it a general statement?—A. A general statement.

By the Chairman:

Q. Based upon what?—A. Based upon hearsay.

Q. That is frank, anyway.—A. I think if you will look at the figures and find how many people in Toronto pay an income tax above a certain figure, and then look around the City and see the large number of large houses you will not believe that there can be that small number of people having an income of over $5,000, when you look at the houses they live in.

Q. And the automobiles they drive along the streets?—A. Yes, and so on. It has been suggested, not by the Council of Agriculture, but by some of the bodies in that Council, that the income tax could be more efficiently collected by employing local officials, such as municipal officers, so that in every district and every parish there would be somebody on the ground to whom they could make their returns, instead of to somebody 300 or 400 miles away; then we believe there should be a higher rate of income tax upon high incomes. Then there is another way, that is, by Succession Duties.

Q. Succession Duties for Federal purposes?—A. Yes, sir, Succession Duties for Federal purposes.

By Hon. Mr. Tolmie:

Q. Are you giving evidence on behalf of the Council of Agriculture?—A. Yes.

Q. Are these your ideas?—A. No, sir.

Q. They are not your own?—A. This is a part of the statement of policy we made some time ago.

Q. According to some of the evidence given before this Committee, the farmers have had absolutely no income; do you think there are many of them still capable of paying income tax?—A. What I wanted to do was, to see more of them capable of paying an income tax. The income tax returns show that there have been several thousand farmers in Western Canada paying income tax, comparatively none in the Maritime Provinces, and but a small number in Ontario.

Mr. ELLIOTT: I think Saskatchewan is the largest regarding the Federal income tax.

By the Chairman:

Q. All your own observations are directed to an answer to the question asked by Dr. Tolmie, as to how you would make up for the possible loss of revenue if the duties were taken off agriculture; he is talking about Federal revenue?—A. Certainly.

By Mr. Caldwell:

Q. I would like to ask one more question. You spoke of the average rate of duty on agricultural implements as being 16.78?—A. Yes.

Q. Is it not a fact that the amendment passed last year to the Customs Act giving the power of valuation to the Minister of Customs was due to that fact; is it not a fact that the present rate of duty does not amount to anything, that it is possible to value up or value down, so that the amount of duty in dollars and cents on a binder might be much more under the present rate of duty than under the former higher rate?—A. The Customs Department has the right to fix the valuation.

Q. Which practically does away with the stability of the table of rates of duties at the present time?—A. Yes.

By Hon. Mr. Tolmie:

Q. That privilege of fixing the rate is only to be applied by the Minister of Customs where he thinks the value is too low?—A. Yes. If somebody in this country is able to buy a large quantity of implements in the United States and to make a very favourable deal in buying them, the Customs Department will not accept that basis, and may want to charge a higher duty upon them.

Q. That is what is known as the Anti-dumping Clause?—A. Yes. I wish some of the manufacturers in Eastern Canada would try a little dumping in the West, where I live; we would be glad to purchase some of the surplus products of their factories at low prices. They are afraid the American manufacturers will dump their goods into this country, yet they do not try to do any dumping themselves.

Mr. HAMMELL: Mr. Chairman, do you not think it is important, in addition to this statement, that we should have the price of implements, what they get for them in the United States?

The CHAIRMAN: It would be very interesting to know what these implements made in Canada were sold for when they got into the United States. I have asked the International Harvester Company to send a man to appear before this Committee, and we may be able to get that information from him.

By Mr. Stansell:

Q. Is it not a fact that the Canadian Customs duty places a value upon the article plus the United States excise; the Minister does not change that?—A. I do not know the details of the law in regard to this matter; you gentlemen should know about that. You had something to do with the passing of it

Q. Our duty is paid on the cost of the article as it leaves the factory in the United States, plus the excise tax?—A. Isn't there something there about a fair value?

Mr. CALDWELL: It is absolutely in the hands of the Minister. That amendment was passed last year. It was an amendment to the Customs Act last year, in the very last day of the Session, a new amendment.

Mr. STANSELL: Our Customs are charged on the cost of the item, plus the United States excise.

Mr. CALDWELL: It was always so until last year. This amendment was passed in the closing days of last Session. It gave the Minister the power to place a value upon it, upon the cost of production, or any other price he thinks fit.

Mr. STANSELL: He has the right to do that only when dumping is being carried on. What I refer to is our Customs law, and that is the way the law is.

Mr. GARDINER: I think it should be looked into a little more closely. I remember a few years ago a company at Winnipeg importing United States implements. There was a complaint of the value placed upon those implements by Government officials; I think it was the John Deering Company. They stated specifically that upon many of the articles the Customs officials had absolutely placed a much higher rate than they were shipping them for from the United States to Canada. I think that might well be gone into.

Mr. STANSELL: Was the price they were selling for here below the price they were selling for in the United States?

Mr. GARDINER: I do not know about that.

Mr. STANSELL: That is the important thing. The law does not allow them to come in here and sell for lower prices than at home.

Mr. GARDINER: Isn't it that the United States manufactured a lot of goods and it was desirable to dump them into Canada; is there anything that would prevent them bringing those goods across the border and that we could ship them back to the United States again, because they would not have to pay duty upon those goods to go back, within a certain period of time, and if the price was so low they could sell those goods to somebody in Canada and then dump them back to the United States again, in order to sell in the United States market?

The CHAIRMAN: That seems to me an ingenious way of making money. It is a surprise that someone in the West has not thought of it before now.

Mr. GARDINER: They have no capital to start up.

The CHAIRMAN: If we have no more questions to ask, we will call Mr. Reid.

Mr. HAMMELL: You were speaking about asking the International Harvester Company to send a man here?

The CHAIRMAN: Yes.

JOHN FLAWS REID, called, sworn and examined:

WITNESS: Mr. Chairman, it is not my intention to go into a tariff debate with you honourable gentlemen here to-day, because I might be one-sided, but speaking as a farmer I wish to place before you a few facts, and I would request that you, Mr. Chairman, and the honourable members of your Committee, will follow me very closely. I want to take you for a trip out to the farms in Western Canada.

By the Chairman:

Q. Before you start let me ask you this question; are you a real farmer? Sometimes suggestions are made that people who come before us on questions of agriculture are experts and agriculturists but not farmers; are you a real farmer? —A. Will you explain what you mean?

Q. A real farmer is a man who farms his own land, who gets up in the morning, milks his own cows, wears overalls most of the day, and is in real touch with nature?—A. Many farmers milk cows which are not their own. I am living on a farm, and I have lived on a farm ever since 1883.

Q. You were on a farm in the Orkney Islands?—A. Yes, I was raised on an Orkney Island 15-acre farm.

Q. How many acres have you now?—A. Myself and family have seven quarter sections.

Mr. HAMMELL: That is over a thousand acres.

By the Chairman:

Q. Is that 1,120 acres?—A. Yes. So that I do claim, Mr. Chairman, to be a farmer in the true sense of the word.

By Mr. Caldwell:

Q. Are you a dairy farmer?—A. No, sir, I am not a dairy farmer, I am a mixed farmer.

By the Chairman:

Q. It is really interesting to the Committee. Will you describe in two or three words the sort of farming you carry on on your own place?—A. The growing of wheat, oats, barley, cattle, horses, hogs and poultry.

I started out, Mr. Chairman, to tell you that I was going to make a few comparisons.

Q. You were going to take us on a trip, you said.—A. Yes. Supposing we are out West, I want to show you what we have to buy, what we have to sell, what prices we pay for what we buy, some of the things anyway, and the price we have to take for what we have to sell. One member of your Committee made a remark that a farmer would only be buying an implement every fifteen years or so.

By Mr. Hammell:

Q. You are taking me up wrong. I meant one particular implement.—A. I stand corrected, Mr. Chairman. I want to tell this Committee, Mr. Chairman, that the life of an implement is not measured by years, it is measured by the acres which that implement may cultivate, reap, and so on. I also wish to show you the position we are in on the Prairies of the West, in regard to what we have to pay for the moneys we use, long term or short term, in comparison with what our brother farmers across the line pay.

The first item I have is the gang plow, something that is used on every farm in Western Canada. I doubt very much if it will last fifteen years; at any rate, it will not be much use at the end of that time.

By the Chairman:

Q. What is the life of a gang plow?—A. It is by acres; it depends upon the number of acres and the quality of the gang plow. If you have a rocky field, you will use more gang plows.

Q. Take your own farm; suppose you bought a gang plow this coming spring, how many years would you expect to use it on your own place, with your own usage?—A. I think we have used on our farms seven or eight gang plows since we first started to handle gang plows, which was in 1886. It is a continual buy. We have been cultivating during that time from 250 acres to 650 or 700 acres.

By Mr. Stansell:

Q. Is it a two-furrow plow you are speaking of?—A. A two-furrow plow. I am not going to give you a vast amount of comparative prices; I will give you just a few of the implements used on a farm. The reason is that I found one of our members from Western Canada preparing a very elaborate statement on the cost of agricultural implements and the necessities of life in the United States as against the figures for Canada, and he very kindly gave me a few prices to fill up my programme here.

By the Chairman:

Q. Are you willing to pledge your own responsibility for the accuracy of these items?—A. Yes. They are taken from the catalogue of the Sears Roebuck Company of Chicago, and the T. Eaton Company, of Winnipeg, perhaps the two leading mail order houses in these two countries.

Q. I understand the Bible and the T. Eaton Company's catalogue are in nearly every Western farm house?—A. I think that is true of the T. Eaton Company's catalogue, anyway.

By Mr. Caldwell:

Q. You have bought repairs also during that time, amounting to possibly more than the price of the gang plow, points, shares, etc., which all have to do with the life of a gang plow?—A. Yes. Mine unfortunately happens to be a stony farm.

By Mr. Stansell:

Q. Do you ride a gang plow?—A. Yes, I ride a gang plow.

By Mr. Caldwell:

Q. Not altogether?—A. Not altogether.

By Mr. Elliott:

Q. It is a two-furrow plow?—A. A two-furrow plow. There are two furrows. You do not have to ride; you do not have to sit on it. We find that when you hire a man he does more plowing if he has a seat than if he walks. This is a twelve-inch plow; I am using the common term that is used for this plow. In Eaton's at Winnipeg the price of this plow is $88, at Sears Roebuck & Company in Chicago the price is $75.45. The price is 17 per cent higher in Winnipeg,

By Hon. Mr. Tolmie:

Q. Is it a 12 or 14-inch plow?—A. A 12-inch plow. The tariff is 15 per cent.

By the Chairman:

Q. Now, since the last revision?—A. Since the last revision of the tariff, I believe. Now take a waggon that is used every day on the farm except during the winter. The waggon box is something that is used every day during the

summer and winter. We find waggon boxes in Canada similar to those in the United States; at Eaton's in Winnipeg the cost is $33.75, while the same waggon box in Chicago costs $22.50, or 50 per cent higher in Winnipeg, while the duty is 30 per cent.

Q. That is, for the waggon box?—A. Yes. A waggon box wears out very quickly. It gets rough usage, moving implements from one field to another, throwing your implements into the waggon box; it has a very short life. It is a three-quarter waggon, not a high waggon, a truck waggon.

Q. A three-quarter waggon?—A. A three-quarter waggon; it is a term used for a heavy built low waggon.

Q. Where does the three-quarters come from?—A. It comes on acount of the height.

By Mr. Hammell:

Q. The standard is a certain height, and the wheel is a certain height?—A. It is a well-built, strong waggon, handy on a farm. At Eaton's in Winnipeg the price is $59.50, while the Chicago price is $49.95, or 24 per cent higher in Winnipeg, with a duty of 17½ per cent.

By the Chairman:

Q. Did you think of working out the percentage of difference between the Sears Roebuck Company and the T. Eaton Company?—A. I have it here. In what respect did you mean?

Q. Did you say 24 per cent higher?—A. Yes, sir.

Q. And the duty?—A. 17½ per cent I think. Yes, it is 17½ per cent. Now in regard to money, what our money in the West costs us as against what the American farmer can borrow money for. Let us take first the long term credit on the amortization plan, if you like. We find that the American farmer is able to borrow his money at 5½ per cent which, plus one per cent for 34 years, would retire his principal.

Q. Does he get as long terms as that?—A. Yes, sir.

Mr. HAMMELL: You asked him, Mr. Chairman, if he had figured out this truck waggon, the difference in the cost in the United States and in Canada. It would be about ten.

By Mr. Hammell:

Q. Does it figure out that that is the United States price plus the duty and the profit, that that is the price in Canada?—A. I think the figures, with all respect to my friend here, are beyond that. This is the actual catalogue price to the customer.

By the Chairman:

Q. I was just wondering whether you had done it or not. Let us see the difference between Sears Roebuck and the T. Eaton Company. Say the price of a certain article is $15, the duty is so much per cent, it would be interesting to take the American price, then add the duty and see how far it came from the Eaton price. Do you get the question?—A. Yes, sir.

By Mr. Stansell:

Q. What duty did you give us on the waggon box?—A. Thirty per cent.

Q. And how much higher was it?—A. The T. Eaton Company's price was $33.75, and the Chicago price was $22.50.

Q. You did not give us the percentage of difference between the two prices? —A. The price was 50 per cent higher in Winnipeg.

By Mr. Hammell:

Q. The duty on the waggon box is what?—A. Thirty per cent. We were speaking of what I would call cheap money, which is available for the American farmer; he really may purchase his farm for 6½ per cent, and in 34 years on the amortization plan he pays for his farm, paying for it at the rate of 6½ per cent interest and principal per annum. Against that compare the condition of the farmer on the Western Prairies. If he borrows money on a mortgage contract, he pays from 8 to 9 per cent interest annually on a ten-year contract. If he borrows money from the bank on a short-term loan, he pays from 8 to 10 per cent.

I wish to state here, Mr. Chairman (or Acting Chairman) that personally I have had no trouble with the banks in Western Canada, I am happy to say, only the usual trouble that I believe we pay too much for our money; I think 8 per cent is too high, and very many people engaged in agriculture cannot pay 8 per cent, and I do not think any other industry is called upon to pay 8 per cent.

By Mr. Elliott:

Q. What do the banks pay on deposits out West?—A. Three per cent.
Q. I beg your pardon?—A. Three per cent. We do not receive any interest.

By Mr. McKay:

Q. That would be on what is in the current account?—A. I have tried to put before you as plainly as I could the position the Western farmer is placed in as against his competitor in the United States. Both the farmer in the United States and in Canada are looking towards the Old Country for a market for their wheat. Is it possible in your opinion—and I know I am speaking to men of wide experience—that a farmer in Canada, handicapped first we will say by the tariff, not only on his implements, because that is a small item, but on all his necessities of life, including everything practically, and his farming implements and his money on mortgage at 8 or 9 per cent, his money from the bank at 8, 9 or 10 per cent, whereas our competitors on the other side get their money for 5½ per cent, and at 6½ per cent on the amortization plan, and he gets his implements cheaper, as I have shown you—I ask you gentlemen, do you think it is possible for us on the Prairies to compete with the farmer on the other side.

By Mr. Hammell:

Q. That is right. Have you taken up the question of freight rates from the Western wheat-growing States to the seaboard as compared with the freight rates from Western Canada to the seaboard?—A. I did not think that that was necessary.

Q. Just for the sake of comparison?—A. Well, if you will take the prices of grain on the Chicago market, or at Duluth, you will generally find that the price of wheat on the Chicago market is around ten cents above Fort William. Is that not so.

Q. Sometimes it is about that.—A. There are times when the market is about level, when we are not very far apart, when the spread is not very wide. It is not very wide to-day. What the reasons are, I do not know, but as a rule the price of wheat on the Chicago market is about ten cents higher than the Canadian price. That adds some weight I think to your argument.

Q. I am not advancing any argument; I judge from your remarks that freight rates must be dearer south of the Border; isn't that the fact?—A. I don't know. I am not very good at digging up statistics. I am giving you actual figures.

Q. You have given us the prices the Western farmers have to pay for their implements?—A. Yes.

Q. As a matter of information I asked what the freight rates were from equal Western distances.

Mr. GARDINER: They are higher, I think.

WITNESS: Then if they are higher, as this gentleman says, how is it that the price of grain in the Chicago market is higher than Winnipeg? Because that grain must largely be taken from the Dakotas. That is quite a conundrum is it not?

By Mr. Tolmie:

Q. Now Mr. Reid, climbing back into the wagon box for a minute?—A. Yes, we can both do that still, doctor.

Q. Yes. With regard to this firm of Sears, Roebuck & Company, have they not a reputation as a cheap sort of house where goods are slaughtered? —A. That is not my information. I know a great many farmers in our country who have come from the United States and they speak very highly of the goods they have bought from the Sears, Roebuck Company.

Q. Is their wagon box equal to the Eaton box?—A. Yes, you can tell that by comparing the weight. They say these goods weigh so many pounds for shipping purposes.

Q. There will be quite a difference in volume between those two houses as to the amount of implements they handle? That is the increased revenue having a market of 110 million to distribute their goods among in comparison to about nine million in Canada.

Mr. CALDWELL: Mr. Chairman, I would like to interject this remark: that does not apply because there is no duty on these things in the United States; the Canadian manufacturer has the market of 110 million as well as the nine; while the American manufacturer has not the nine million; so that the Canadian manufacturer of wagons and wagon boxes has an advantage over the American.

By Mr. Tolmie:

Q. But the American manufacturer has the market which is the important thing.—A. I will answer your question in this way; in all kinds of business there is a certain unit you reach in the cost of production and beyond that unit you cannot reduce. In other words you must have a certain output to have your overhead and your staff fully employed, 100 per cent. When you reach that point, that is the unit of the cheapest point of production, and I believe that the T. Eaton Company in Canada have reached that point. I have often been in their warehouse in Winnipeg, and seen their wagon boxes shipped in there. They are shipped in "Knocked down" and I believe Eaton's have reached that point.

Q. What wood do they use in the manufacture of those boxes?—A. They use different kinds of wood. In one of their boxes they use what looks like mountain pine although I don't think it is.

By Mr. Elliott:

Q. Southern pine?—A. I don't know where it comes from. It is first class lumber.

Q. What is the Sears Roebuck wagon made of?—A. I don't know. I presume it must be the same kind of wood on account of the weight.

Q. It is about equal in weight?—A. Yes, and the cross-bars are shown in the catalogues and all the iron, so I think it is about as near as we can get it.

Now I have here a statement of the cost of 100 acres of summer fallow on my own farm.

By Mr. Sinclair:

Q. Referring to the United States purchases, Mr. Reid? I understood you to say that they paid 6½ per cent on their purchase price for 34 years, and that that paid off the loan. Who does the farmer deal with in that case, is it the mortgage company?—A. It is the rural credits.

By Mr. Caldwell:

Q. Capital furnished by United States Government?—A. Partly, only. It is bonds sold for this special purpose.

By Mr. Sinclair:

Q. By the Government?—A. Yes.

By Mr. Tolmie:

Q. The Federal Government there stands behind the local bank does it not?—A. I understand the Government are appointing fiscal agents all over the United States to handle this. It is known, Mr. Ward tels me as the Federal Farm Loans Board.

By Mr. Caldwell:

Q. Financed by the Federal Farm banks, in the United States are they not? Backed by the United States?—A. Mr. Ward has the detail of that in his mind.

The CHAIRMAN: We will be glad to have Mr. Ward's evidence, if he wishes to be recalled?

Mr. WARD: I was going to cover that, Mr. Chairman, but you agreed that I should leave it until next week.

By Mr. Tolmie:

Q. How does those rates compare, Mr. Reid, with the rates charged in Manitoba under the system they have there?—A. I don't know about the Manitoba system. You can get that information also from Mr. Ward.

The CHAIRMAN: I understand Mr. Ward is going to be here next week, and we hope to take up the question of rural credits next week. I am not particular about it at all.

By Mr. Gardiner:

Q. Could you tell the Committee, Mr. Reid, what the average cost of putting a loan on a piece of land, say a quarter section in Saskatchewan, is?—A. I could not, Mr. Gardiner. I have only put on one mortgage in my experience. I could not say what the cost is but I understand it is very high.

Q. You have no idea to give the Committee as to the average cost of a mortgage?—A. No, but we will give that information when you take up the rural credits.

Q. Going back to the bank loans; you made the statement that you had not any difficulty at all in getting advances from a bank. That is I presume what you might term a seasonable loan?—A. A short term loan.

By the Chairman:

Q. Covering how many months?—A. Back in the early days it covered about three months. That is in the days when they used to discount our

paper as the saying is. I got past that stage; I would not stand for that, and when I go to borrow $100 from a bank I get my $100.

Q. Sometimes it is a slightly larger amount?—A. If necessary yes. I have no trouble with the banks. But about 12 years ago, the grain market was very poor, very low and I went to my banker and said, I anticipate having about 17,000 bushels of grain and as the market is very poor, I would like to borrow enough money from the bank to store this grain on my farm. I asked him to write to the head office to find out if they would let me have the amount I would require to pay my expenses, it would not exceed $2,000, on the security of the 17,000 bushels of grain. The reply came back from the head office that it was not the policy of the bank to loan farmers money to store their grain on their farm, as they expected the farmer to pay his debts, sell his grain, and stimulate the wheels of business. I was the loser. However that is twelve years ago.

Q. Has the mentality of the banking community changed since that time? —A. There has been a change. I do not know what brought it about Mr. Chairman.

Q. It may have been in answer to prayer, but it came about, the banks do not adopt that attitude to-day do they?—A. I don't think so.

By Mr. Gardiner:

Q. Another question with regard to bank interest. You stated that they charged you usually anywhere from eight to ten per cent. I think that that statement is practically correct because I can substantiate it myself. How long do they usually give you a loan for?

The CHAIRMAN: I suppose, that both the witness and his questioner having come from the north part of Great Britain, they are likely to get the lowest obtainable rate?

Mr. GARDINER: We do our best.

The WITNESS: If we do not, Mr. Chairman, it is not for the want of trying.

Q. What is the usual length of time that the banks give?—A. Three months as a rule, but I know of many cases where the banks have extended that to six months, to farmers whom they considered safe.

By Mr. Caldwell:

Q. Would they make an original loan for six months or renew it at the end of the three months for three more?—A. No, the original loan.

By Mr. Gardiner:

Q. But in your opinion the usual terms practically are about three months?—A. Yes.

Q. And if the farmer is not in a position to pay his note, he has to have that note renewed?—A. Yes.

Q. And the interest compounded?—A. Plus the interest, yes.

By Mr. Caldwell:

Q. You spoke of the bank charging eight to ten per cent interest. In view of the fact that the Bank Act says that they cannot collect more than seven per cent how do they manage?—A. Simply an agreement, the party borrowing signs an agreement agreeing to pay so and so, I understand that gets around that law.

Q. If you do not agree to that you do not get the money?—A. I presume not.

Mr. MUNRO: Mr. Chairman if a man borrows money from the bank agreeing to pay eight or nine per cent, and the Bank Act only allows them to collect seven per cent as the legal rate—if that is the legal rate?

The CHAIRMAN: Seven per cent is the legal rate.

Mr. MUNRO: How would that work out in law?

The CHAIRMAN: I remember a case in Quebec—I think it was the bank of St. Hyacinthe, now gone under. There was an action taken by a man who paid more than seven per cent, to recover the excess. It is some years since I read the report of the case, but my recollection is that the plaintiff succeeded and got back the surplus.

By the Chairman:

Q. I was out of the room for a few moments; did you tell the Committee that the banks made you agree to pay more than seven per cent?—A. Yes, Mr. Chairman. I made the statement that the banks in our country charged from eight to ten per cent, the borrower signing a note agreeing to pay eight, nine or ten per cent, whatever the rate agreed on may be.

That I presume is the manner in which the banks get around the legal point, but I am not a lawyer.

Q. That is another question we will look into.

Q. Before I start to give you the cost of producing a bushel of wheat, may I say that I have taken wheat because it is the staple.

By Mr. Caldwell:

Q. Before we get away from that, I think the Committee should have the answer to this question: do you know of any case where a borrower went to a bank and refused to pay eight, nine or ten per cent and was refused money at seven per cent? That is the borrower would say, I won't pay over seven per cent, and did not get the money in consequence?—A. No, I do not, Mr. Caldwell.

Q. But the fact is they do not get it for seven in very many cases in your Province?—A. I don't know of any farmer getting his money at seven per cent. I wish to make it plain to this Committee here, Mr. Chairman, that I have not lost confidence in Canada; I have every faith in Western Canada, that there is nothing wrong with Western Canada, but what is wrong is the conditions under which we are compelled to operate and I am speaking now as an actual farmer. I say that our country is all right, but the conditions under which we operate, and under which we are compelled to operate, have put us in this position that the producer on the land to-day, the primary producer of wealth —I was going to say of all wealth—is in such a position that he is reduced to beggary; and I wish to say this that in a few years' time, not over three at the outside, under the conditions as they are to-day and as they have been for the last two or three years, I shall see the earnings and savings of a lifetime wiped out, and it will then be the duty of the State to feed me, because I am too old to start over again. These are serious statements, but they are true, not only true of my own condition but of thousands of other farmers in Western Canada, dozens and dozens of whom I know personally.

By Mr. Hammell:

Q. When were you born?—A. In 1860; it is a long time ago. I find, Mr. Chairman, that it actually cost me last year $1.11\frac{1}{2}$ to produce a bushel of wheat on summer fallow ground.

By Hon. Mr. Tolmie:

Q. On how many acres?—A. 100 acres.

By the Chairman:

Q. How much, did you say?—A. $1.11½.

Q. How did you arrive at that amount?—A. I will give you the items: $2.00 an acre for ploughing, actually paid last year to a man with a tractor. I paid him $2.00 an acre, not to plough this same summer fallow.

By Hon. Mr. Tolmie:

Q. Was he breaking the land?—A. No, stubble land; $2.00 an acre. In addition to that I hauled the lubricating oil from the station which he required, the water for his radiator, and very often I took two meals a day out to him in the field, which I have not charged for.

By the Chairman:

Q. Scotch hospitality?—A. Yes; that is the way we do. On the 100 acres of summer fallow I have some stony ground. We have many farmers here who are what our worthy Chairman has called real farmers. Hauling stones off the land, two days $12, $6 a day including board for the man. Harrowing summer fallow $10.80. That cost is arrived at by just what I had to pay if I wanted to hire a four-horse team, to feed the team oats and hay and board the man. Cutivating with a duck foot cultivator once over cost $115; included in that is seven days' board for the man. I have a schedule of charges here, the amount of oats the team consumed, and so on.

Q. How much would he do in a day wth that cultivator?—A. We use six horses on a duck foot cultivator.

Q. How many teeth?—A. Six teeth.

By Mr. Gardiner:

Q. About nine feet?—A. Yes, about nine feet. That figures out at about 50 cents per acre.

By Dr. Tolmie:

Q. The total charge there for that duck foot cultivating was what?—A. $115.

Q. For 100 acres?—A. Yes. I charge oats at 40 cents a bushel; seed wheat 1 3/4 bushels per acre $175; man and four-horse team again, figuring that he must sow 20 acres a day on the prairie with a mile stretch; he might do more, but this was a half mile stretch. I have put that $55.50. Harrowing $27.65; hail insurance $50; binder twine 2½ pounds per acre at 14½ cents per pound, $36.25; cutting with binder, man and team, $85.85. Included in that is board for the man and team.

By the Chairman:

Q. Charged at how much?—A. That was arrived at in this way; the man $2.50 a day, team four horses $4.00 or $1.00 a day for each horse. I charge the oats the horses consumed, and the board for the man. I have the total here. Stooking by contract 50 cents an acre, which the farmers have adopted; a man is not idle if he sets up ten acres a day. I charge $61. A man would have to be a real farmer to take the job. Threshing at 18 cents per bushel, including board—I see the Chairman shaking his head.

Q. That seems an awful charge.—A. It is what I have actually paid them.

By Mr. Hammell:

Q. 18 cents a bushel?—A. Yes. It runs from 12 to 15 and 18 cents.

By the Chairman:

Q. Will you explain why you paid the highest price?—A. I don't know that I paid the highest. In some parts there was very heavy straw, in other parts we had weeds owing to a heavy late spring; we had an abundance of weeds, more than we had before, owing to our not being able to cultivate the land early enough, and it is just as expensive to thresh weeds as wheat, in fact more so.

By Mr. Gardiner:

Q. Did that include the hauling of the sheaves to the thresher?—A. Yes, that it cost of the grain put into the wagon box.

By Mr. Caldwell:

Q. Taken out of the stook and put into the wagon box?—A. Yes. The sheaves are lifted up and thrown into the machine, the grain is threshed and dumped into the wagon box for that amount.

By Mr. Gardiner:

Q. And the board of the crews?—A. The farmer has to furnish the board.

By Hon. Mr. Sinclair:

Q. You did not give us the whole of the threshing?—A. I will give you that in my conclusions.

Q. What was the total of the threshing?—A. The total of the threshing was $324. Hauling 65 bushels to the load, 1,800 bushels.

By Hon. Mr. Tolmie:

Q. Was that the total output of the 100 acres?—A. Yes.

Q. 1,800 bushels?—A. Yes. Hauling wheat to the elevator, 65 bushels to the load. If you have dry weather, you can load 70 bushels; in some parts it is heavier, and in other parts lighter. I think we ran about 65 or 75 bushels to the load, and it amounted to $70 for hauling in the 1,800 bushels.

By Mr. Grimmer:

Q. How long a distance were you from the railway?—A. The longest distance is 3½ miles. If I had taken the average distance the farmer hauls, it would have increased the cost. I have just taken this from my own farm. Then there is the elevator charge 1¾ cents per bushel, $31.50. Freight from point of shipment, $205.20; commission to the commission house for handling it $18, inspection to Winnipeg $2.00, a total of $225.20.

Now we are coming back on our trip; you have got back as far as Fort William.

By the Chairman:

Q. Before we get through, may I ask this question. It would strike me that you had hired people to do all this work?—A. I hired some, but not all.

Q. Where you did not hire you charged as if you had hired?—A. Yes.

Q. Is that quite a fair way of estimating the farmer's cost of production?—A. Well, Mr. Chairman, I might say that about ten years ago we had a Royal Commission in Saskatchewan investigating the cost of agricultural products. I was one of those who submitted a statement of the cost, and I followed the same plan then. I take it for granted that if my men and teams can not make as much on my farm as they will at outside work, I had better stop farming and go contracting. I told you at the start that I actually paid $2.00 an acre for ploughing stubble land last spring. Now, summer fallow, as you farmers know, is harder to plough than stubble ploughing, because it dries out and gets

harder. I have kept my figures down perhaps below what it actually cost, figuring it on a wage basis.

In the cutting, with the binder, one of the binders I am using on my farm cost me $321.50 in cash in 1921.

By Hon. Mr. Sinclair:

Q. Has it an eight foot cutter?—A. A seven foot Massey-Harris binder. I take interest at 8 per cent upon that binder. If I had been buying that binder on time it would have cost me 9 per cent, but I take an interest charge of 8 per cent. I depreciate it 10 per cent. I have not charged for repairs, because I believe with careful handling ten per cent depreciation will almost cover the depreciation and the cost of repairs. Perhaps some farmers will disagree with me there, but I do not think I am far out. I know I am not under, perhaps I am over.

By the Chairman:

Q. Did you charge any interest on the land investment?—A. I am coming to that.

By Hon. Mr. Tolmie:

Q. Before you go any farther, was this crop of yours cut last year?—A. Yes.

Q. What was the average yield in the Province of Saskatchewan last year? —A. Last year I presume about 18 bushels per acre.

Q. You got about the average?—A. Yes.

Q. How long has that land of yours been under crop?—A. Some of it has been under crop ever since 1887, I think.

Q. What is the average of the best crops you ever cut off that piece of land?—A. The average of the best crop?

Q. What did you crop off that piece of land in 1915, which was one of our best years?—A. We had about 35 bushels.

Q. How many bushels an acre do you think you ought to get in Saskatchewan to make it pay, at current prices, or the prices prevailing last year—how many bushels to the 100 acres?—A. Well, it is my opinion that no amount of wheat per acre in Saskatchewan, under existing conditions, would pay. We have to cheapen the cost of production.

By Mr. Gardiner:

Q. Where you have the larger crop, the cost of harvesting it and other items eats up whatever profit you might otherwise have?—A. That is right.

By Hon. Mr. Tolmie:

Q. If you had a thirty-bushel crop instead of an eighteen-bushel crop, the harrowing, seeding and so on would be practically the same?—A. Naturally; we know our stooking, our hauling, threshing, and our elevator charges, as well as our freight.

Q. They would be all the same, per bushel?—A. All the same per bushel, and the freight.

Q. But you would have more bushels to sell?—A. Yes, but the extra increase does not mount up as a profit as it would appear to do.

Q. I was just thinking that we could never hope to make any money out of an 18-bushel crop, that we would be working for fresh air and exercise?—A. If it had been a favourable year in Saskatchewan—of course conditions were very local last year; in Saskatchewan some parts were very dry. We happened to be in an exceedingly wet district, where we were late getting on the land.

By the Chairman:

Q. In what part of Saskatchewan is your land?—A. Township 26, Range 5, West of the 2nd Meridian. I know I am about 25 miles in from the Manitoba boundary, just west of the northwest quarter of the Constituency of Marquette, on the C.P.R., Winnipeg-Edmonton line. Have I located it?

Q. Yes; continue your statement.—A. Interest on land at $20 per acre at 7 per cent. I am setting an example to the banks, Mr. Chairman.

Q. Also I take it that if you are within three and a half miles of the railway you are setting an example to others who have land to sell in the West?—A. I hope so. I am charging interest for two years because of the summer fallowing. It really takes two years to produce a crop.

Q. Do you summer fallow every second year?—A. Every third year.

Q. You should charge one-half of your expenses of fallowing against that crop?—A. Yes.

By Mr. Gardiner:

Q. When you come to a stubble crop, that stubble crop is very light in comparison, consequently you must put the interest against the heavier crop, otherwise if you turn it back to the stubble crop in the same ratio it will put the stubble crop so much farther behind?—A. The reason I charge my interest on the summer fallow crop is this, that I might not get enough from the stubble crop to be sure of my interest, so I thought I would make sure of it now.

By Hon. Mr. Sinclair:

Q. What was your charge?—A. Interest $280. I do not think you or your Committee will complain of the high price I put on the land. I have been improving it ever since 1883.

Q. What was the price you put on the land?—A. $20 an acre. Municipal taxes two years $125.

By Mr. Hammell:

Q. Was that on the assessed value of the farm?—A. Well, I may say that when I left home I had no idea I was coming here for this purpose. This municipal tax is as near as I can get to it from memory.

By the Chairman:

Q. What is the total?—A. The total for the 100 acres?

Q. Yes.—A. $2,008.75, the total cost of production.

The CHAIRMAN: This has been so interesting that I have lost all track of the time. Looking at my watch I see that it is just past one o'clock.

By Hon. Mr. Sinclair:

Q. What is the total?—A. The total is $2,008.75.

The CHAIRMAN: Shall we continue at half past four o'clock this afternoon and hear Mr. Reid further?

(Agreed.)

All right, we will meet at half past four.

(The Committee adjourned until 4.30 p.m.

APPENDIX No. 3

Afternoon Session

4.30 p.m.

The special committee appointed to inquire into agricultural conditions throughout Canada resumed at 4.30 p.m., the Chairman, Mr. McMaster, presiding.

Before we start with Mr. Reid, there is some statement I want to make. When we were going over the free list of the American Tariff on agricultural implements this moring, there was a general clause covering and placing on the free list agricultural implements of any kind or description not specially provided for, whether in full or in parts, including repair parts provided that no article specified by name in title I shall be free of duty under this paragraph. I asked Mr. McCormack of the library to go over the schedules of the American tariff carefully, and see what agricultural implements were specified by name, and thus taken out of the free list and made dutiable, and he handed me a memoradum showing that under paragraph 373 of their tariff, shovels, spades, scoops, scythes, sickles, grass hooks, corn knives and drainage tools, and parts thereof composed wholly or in chief value of iron, steel, lead, copper, brass, nickel, aluminum, or other metal, whether partly or wholly manufactured, are dutiable at the rate of 30 per cent ad valorem, and he also drew my attention to the fact that under paragraph 372 steam engines and steam locomotives were taxed at 15 per cent ad valorem. As there may be some steam engines of an agricultural character, though I don't think there are many, I felt that the committee was entitled to that information. So whatever steam engines there are of an agricultural nature, are still taxed under the American tariff at 15 per cent ad valorem, and shovels, spades, sickles, etc., are taxable at 30 per cent ad valorem; except for these exceptions all other agricultural implements go free in the United States. There was also, as we read this morning, when we were examining this question together, a provision under the free list, making free guano, basic slag, ground or commercial manures and all other substances used chiefly for fertilizer, not specially provided for, provided that no article specified by name in title one shall be free of duty in this paragraph. Mr. McCormack told me he had gone very carefully through the schedules of the American tariff, especially the schedules of chemicals of which fertilizer would be composed, and he had been unable to find any by name which would take fertilizer out of the free list; so that we may take it for granted that practically all fertilizers go free of duty in the United States.

JOHN F. REID, evidence continued.

The CHAIRMAN: If I mistake not you were dealing with the cost of raising wheat on your own farm?—A. Yes.

Q. You were giving figures based upon your own experience, and you had reached a certain point in your estimate when we adjourned at one o'clock?—A. Yes.

Q. Will you continue, please?

By Honourable Mr. Sinclair:

Q. Was this lot you are giving a 100 acre lot?—A. Yes, 100 acres of summer fallow. We had come back as far as Fort William, because freight is charged, and the commission and the inspection on the way of the grain.

Q. On the 100 acres how many bushels did you have?—A. 1,800, and I might say also, Mr. Sinclair, that this was the actual bushels, but 18 bushels per acre of wheat is the average of all the Province of Saskatchewan over a period of ten years.

I now come to my conclusions on this amount of wheat. It has cost so far $2,008.55. I have it now in the terminal elevator, and I have stored it—this is a hypothetical case—I have stored the grain now for six months.

By the Chairman:

Q. Did you store your own grain?—A. My own grain is still on the farm, because it is so dirty I want to fan it before I ship it; that is the reason it is there; but I have two conclusions here, and I think when I submit them to you you will be able to see through them perhaps. I have now this hypothetical case, with the grain in the terminal at Fort William, and there is a storage charge for six months against it. In imagination I sold the wheat last week, when cash wheat or spot wheat was worth $1.15 a bushel. Then the interest for six months at 8 per cent to the bank on the cost of production—that is the rate which I have to pay to the bank when I borrow money,—8 per cent then on the $2,008.75, making $80.35. Then six months terminal storage charges, that includes storage and insurance, $108. So now the wheat in the terminal has cost $2,197. It is sold for $1.15 per bushel with 2 per cent dockage, which makes net 1,764 bushels at $1.15 per bushel makes $2,028.60; or a loss on the operation of $168.40. That is holding the wheat from last fall until last week when spot wheat was worth $1.15. The loss on the operation according to my figures is $168.40.

I took it another plan; the value of wheat if sold in the fall would be 85 cents per bushel, and 1,800 bushels with a 2 per cent dockage would make a net of 1,764 bushels at 85 cents, would be $1,499.40,—a loss on the operation of $509.35.

Q. Are you comparing the price of wheat in both cases at the same point?—A. Yes, because in each case I have charged the freight, all charges up to Fort William; only in selling your wheat in the fall of course you have no terminal charge to pay; you pay your initial charge at your point of shipment.

Q. Have you deducted that?—A. Yes.

Q. In this hypothetical case it would have paid you to keep your wheat rather than sell it last fall?—A. Yes.

Q. And I suppose it is because you belived that that thing would work out, that the situation would work out in that fashion, that you are keeping your own wheat for the purpose of fanning it in order to try and sell it at a better price?—A. Yes, I think this is a very good argument for a Wheat Board, that a farmer would get the average price of the season for his grain under the operation of a Wheat Board.

Q. You are arguing from one particular case and making a general assumption from it, are you not?—A. Pardon me, I have no intention to argue for a Wheat Board before your committee.

Q. There is no reason why you should not if you wish.

By Mr. Grimmer:

Q. I was going to ask if $1.15 is the highest price that has been offered for wheat during that time?—A. Yes, 85 cents is the fall price.

Q. And $1.15 during that time is the highest price?—A. Yes, the highest price for spot wheat was last week, $1.15.

By Mr. Caldwell:

Q. Your hypothetical case is the most advantageous situation it has been in during this year?—A. Yes.

By Mr. Elliott:

Q. I notice here in some of the evidence we got a few days ago that the Provincial Department of Agriculture for Saskatchewan estimated the cost of

producing a bushel of wheat was 70 cents?—A. Yes; I think there is another guess coming to them.

By the Chairman:

Q. The old book said that in the multitude of counsellors there was wisdom; do you think that applies to the multitude of experts?—A. Yes; I think it is very well answered. We have not an experimental farm, but we have a farm at Saskatoon in connection with our agricultural college where we laid off experimental plots and an account is kept distinctly; we have a farm of 800 acres, conducted there for the special purpose of showing just how farming pays, and I challenge that farm to produce wheat for the figure mentioned by my friend here.

By Mr. Robinson:

Q. The purpose is to show farming pays?—A. Yes, the idea is of this 800 acre farm in connection with Agricultural College, you might call it a demonstration farm, if you like, and my information is that it has never paid.

By the CHAIRMAN: The object is to do what was suggested in this committee the other day, that the government should take certains farms, which were run as farms, with the idea of making money, keeping close track of any expenditure —I understand that that suggestion was made before the committee, it was not a decision arrived at by the committee, but the suggestion was made that an attempt should be made to help agriculture by running farms of this sort; now you are trying to do that in Saskatchewan?—A. Yes.

By Mr. Robinson:

Q. That would be different from an experimental farm?—A. Yes.

Q. We do not expect experimental farms to pay?—A. No.

By the Chairman:

Q. I understood from Mr. Reid alongside their experimental plots which are situated at Saskatoon, they have a large farm of 800 acres which you run supposedly in a way as a farm would be run out of which a farmer would make his living, and you say you believe that farm could not raise wheat at 70 cents a bushel?—A. I was just talking the other day in Ottawa with one of the ex-professors who used to work there, and I understand that this 800 acre farm has never made ends meet, as the saying is, in the farming phraseology. When the Royal Commission went through Saskatchewan—that is a Commission appointed by the Government of Saskatchewan, perhaps ten or twelve years ago—at that time it was costing us 86 cents a bushel to produce wheat; it was costing us 26 cents a bushel to produce oats; and, Mr. Chairman, you know and members of your committee know, that since that time the costs have doubled, and how can it be produced to-day for 87 cents, or any figure near it?

By Hon. Mr. Sinclair:

Q. You have taken one year period. To get an accurate figure you would require to figure this on a three year period, and take your two crops, and one year summer fallow for your interest on your investment and then the second crop would be a smaller crop; you would increase the figures you have given us here if you took the three year period in the place of one year?—A. I realize that, but I thought this was the better plan to follow; the second crop is very very often a very light crop, and while I have charged the costs of two years against this crop, on the average I think I would be justified in figuring that the second crop would be a much lighter one.

By the Chairman:

Q. If you are going to properly charge the whole summer fallow against one crop you have to take into consideration that you would practically be getting nothing from your second crop, or merely enough to return you for your labour and your seed?—A. But, Mr. Chairman, the labour on the second crop, you have your ploughing, you have your harrowings, you have all the process to go through perhaps, a little less cultivation of your second crop.

By Mr. Caldwell:

Q. The item of interest on the investment is a very small factor in the whole thing?—A. Yes, very trifling, $125.

By the Chairman:

Q. Supposing you take the three year period as your accounting period, do you think your expense of producing a bushel would go up or go down?—A. That of course would depend entirely on the crop of your second year, the result of your second year's operations.

Q. Taking the average, from your experience, taking it by and large?—A. The summer fallow crop by rights should be able to carry the charge of two years, because we expect from a summer fallow crop to practically get the results of two seasons. Summer fallowing while it is to clean the land it is also to conserve moisture for the coming year; so that is a rule we calculate that on the summer fallow we will have almost a double crop; but it does not always come.

By Mr. Hammell:

Q. Would you agree with the evidence of a previous witness that it costs in the neighbourhood of $1.40 to produce a bushel of wheat?—A. Might I ask where that wheat was supposed to be produced?

Q. On the Portage Plains?—A. I quite believe that a bushel of wheat to-day would cost $1.40 to be produced on the Portage Plains. They have there what is known as the sow thistle. We do not have the sow thistle up in my country, and I understand it takes a cultivator, as I mentioned here, a duck foot cultivator with four horses continuously cultivating 40 acres; so that will raise your cost; and I do know this, that within a few miles of the city of Winnipeg in the district called Headingly, they have stopped growing wheat on account of this sow thistle, that it makes their wheat so expensive.

By the Chairman:

Q. What are they growing on the land now?—A. Rye; they plough the summer fallow, harrow it down, and in the month of August they sow their fall rye, and that to a certain extent chokes out the sow thistle.

By Mr. Hammell:

Q. He gave some other figures from some other localities, and I cannot just locate them at the present time; three different sets of figures he gave.

By Mr. Elliott:

Q. The growth of wheat in that country has a definite bearing on the profits or losses of the farmers?—A. Most certainly, yes.

Q. Those districts which are newer and which have not the weeds to contend with, would be the districts in which you would expect farming to be most profitable just now?—A. Yes, provided that you do not get out in the semi-arid districts where you have a lack of moisture.

By the Chairman:

Q. What would you think of these costs per bushel: Portage Plains, $1.41; Deloraine, $1.08; Waskada, 92 cents; do those look reasonable to you?—A. There is a wide spread, but it altogether depends on the district you are in.

By Mr. Hammell:

Q. The poorer the land the less it costs to produce a bushel of wheat, according to the evidence of this gentleman?—A. I would not admit that.

By the Chairman:

Q. I don't think he put that down as a principle. I think it certainly worked out like that; he told us that it was the lower price land, that the interest charges were less; then he spoke about this sow thistle as having a very important bearing upon the cost of production.

Mr. ELLIOTT: Overhead expense.

By the Chairman:

Q. For instance, at page 389 there is a charge on the Portage land of $5.16, rent of land per acre, and the Waskada only $2.06, and the Deloraine $3.39, which would have a bearing.

Mr. HAMMELL: And taxes, and so on.

WITNESS: Of course lands on the Portage Plains have always been held at a high valuation.

By the Chairman:

Q. Will you proceed, Mr. Reid?—A. Before I leave this I would just like to mention that in regard to the live stock, that is the growing of live stock, I have here the monthly bulletin of agricultural statistics up to the end of February, 1922, and back to the year 1917. I mention this to show that the purchasing power of the farmer has dropped down below zero. I will give it to you first for all of Canada.

Q. You say his purchasing power is below zero, is he buying nothing at this time?—A. No, he is buying nothing.

Q. The farmer?—A. Yes, he has nothing to buy with.

Q. Is he really buying nothing at all?—A. They have got absolutely nothing to buy with.

By Hon. Mr. Sinclair:

Q. Unless they draw from capital?—A. Well, when a man is sold out by the Sheriff I presume he has not much capital to draw from. This is for all of Canada; in the year 1918 the value of our live stock including horses, cattle, sheep, swine, was $1,326,766,000; in 1922 at the end of February it had dropped down to $681,887,000. Now, take it in the Province of Alberta—

Q. That is the value in dollars?—A. Yes, of live stock.

Q. Have you the comparative figures of the numbers?—A. Yes, but it is rather lengthy, but I can give it to you. Take it in the number of horses in 1917 all of Canada, 3,412,749. In 1922 there is an increase really, 3,648,871; but bear in mind since February, 1922, our live stock in numbers and dollars has dropped down very very far.

Q. It is not material; take it in dollars?—A. I think it is too lengthy to give all the numbers; I think the dollars is perhaps the best basis to consider it from. Take it in the Province of Alberta where our farmers follow ranching very largely, the value of the live stock in 1918 was $230,053,000. In the last of February, 1922, the value was, as stated here, $86,431,000, it dropped from

$230,000,000 to $86,000,000, so that when I say that the purchasing power of the farmer would drop below zero, I know for a fact that many of our best ranchers in the Province of Alberta, to use a common phrase, are "down and out." In the Province of Saskatchewan we find that in 1918 the total value of live stock was $257,648,000; in 1922, in the month of February, it had dropped down to $130,011,000. It may seem strange perhaps to the Committee, to see that the drop in the valuation of live stock in Saskatchewan is not so great as that of Alberta. The reason for that may be this, that live stock are kept in the Province of Saskatchewan more on a mixed farm basis than on a straight line farming basis. That is the only way I can account for that.

Q. Mr. Reid, you will pardon me for correcting you, but would it not be fair to note that 1918 values were inflated values, due to the abnormal war conditions, and although we all realize the tremendous inflation which has hit the producer of live stock perhaps harder than anybody else in the agricultural line, still it must be borne in mind that we are comparing abnormally high war prices to abnormally low peace prices.

Mr. CALDWELL: To overcome that, would it not be well for Mr. Reid to give the number of live stock in the different provinces as well as the value.

By the Chairman:

Q. I think it would be wise to draw the attention of the Committee to that fact as we go along.—A. That is quite right. There is no doubt that in 1918 prices were very high, as you say, but also in the Province of Alberta in 1918 we had in cattle, $125,971,000, and in 1922 we have only $40,848,000.

Q. That is even more striking?—A. Probably Mr. Chairman if we had the figures for the actual condition to-day, it would be a very much worse showing than those here, because farmers have had to realize on their live stock to get some of the necessities of life, so that the actual figures to-day are very much worse than these here. Now Mr. Chairman, I come to what I call the tragic part of the farming operation. I come now to the milling industry. Take the farmers' raw product, their wheat, and grinding it into flour and other products, and I am taking the Ogilvy Milling Company as an example; my figures are from the actual figures I have here, which we got from Greenshields here in Ottawa. You will also find it in the Financial Review, but you will not find the latest figures which I use in the latest review, but you will find them in the book as published. As I see it, the point is that the primary producer of wheat, as I said before to-day, is reduced to beggary on account of the conditions under which we must operate, on account of the artificial conditions which he is compelled to operate under. The produce passes out of his hands, and quite a portion of it goes into the hands of the big milling companies. What do we find? We find there is a guaranteed dividend on the preferred stock of the Ogilvy Milling Company of 7 per cent. That does not look high; and when we come to examine the common stock— and I question how much water there is in that common stock, I do not know; perhaps it is squeezed out, but I am strongly of the opinion that there was very much watered stock in that on the start, and we find to-day for a period of 10 years the common stock paid 36.82 per cent. There is the tragic end of the farmer, producer of the raw material.

By the Chairman:

Q. Paid a dividend of that much?—A. 36·82 per cent, yes.

By the Chairman:

Q. If you take the dividends paid by the Ogilvy common stock—.—A. That is the earnings of the common stock. I made a mistake there.

Q. The earnings of the Ogilvy Milling Company attributable to dividends, if they desired, to be made on the common stock, amount to, for a ten year period, 36·82 per cent per annum?—A. Yes.

Q. That is to say, if the Ogilvy Flour Mills had wished instead of putting this to reserve and to betterment, to distribute to their common shareholders during those ten years, dividends, they could have divided up 36·82 per cent each year?—A. After paying 7 per cent on their preferred and paying their war tax.

By Mr. Munro:

Q. Do I understand this is the gross net earnings of the common stock?—A. The net.

By the Chairman:

Q. They did not pay out this in dividends, as I understand from Mr. Reid, and he will correct me if I am wrong—that out of the earnings of the Ogilvy Flour Mill Company they first paid their operating expenses. They paid their interest on their bonds, first of all. They paid 7 per cent on their preferred stock, and then they had so much left over, that if they wished to, they could have divided that up to the extent of 36·82 per cent per year among their common shareholders. They did not divide that up. They put some to reserve and put some to improvements. What did they divide during the last ten years, do you know?—A. On April 13th this year, the common stock sold for $322 and a par value of $100.

Q. Do you know what it is to-day?—A. I do not know what it is to-day. Now in 1917 they paid as usual 7 per cent on the preferred.

By Mr. Elliott:

Q. That 7 per cent is a fixed charge, is it?—A. Yes.

By the Chairman:

Q. I think it is a cumulative preferred dividend, but it has to be earned before it is paid out to the shareholders. It is not like a bond, which is an obligation of the company. The preferred stock is that before they pay anything to the common shareholders, the preferred shareholders have the first chance. It is a cumulative preferred, then they are entitled to get 7 per cent for each and every year that dividends are paid before the common stock shareholders get anything, and I think the Ogilvy preferred is a cumulative preferred 7 per cent stock.—A. We find then that in 1917 they paid 25 per cent on the common stock; in 1918 27 per cent; in 1919 27 per cent; in 1920 22 per cent; in 1921 12 per cent; in 1922 22 per cent.

By Mr. Caldwell:

Q. This is the dividend actually paid on the common stock?—A. Yes. In regard to the price now of flour and bran and shorts, supposing the farmer sells his wheat at Calgary—he is convenient to the city of Calgary and he delivers his wheat there. If the wheat was $1 a bushel at Fort William, the Calgary farmer would receive 75 cents a bushel for his wheat. If the rate is 25 cents—it may be 26.

Q. Call it 25.—A. He receives 75 cents for his bushel of wheat, and we find that a barrel of flour in Calgary is worth $6.90; it is worth in Montreal $7.10; it is worth in the United Kingdom $5.79; it is worth in the United States $6.22. The further it goes the cheaper it gets. Now the amount of flour that went over to the Old Country in the sixteen months ending March, 1923, was 3,961,790 barrels, at a value in dollars of $22.885,238, or $5.79 per barrel. Now, there

went over to the United States in the same period $3,494,496 worth of flour at a value of $6.32. Now see where some of the bran goes. Our Ontario dairymen say they want bran from the West. They do not get enough bran and shorts, and they want to grind wheat in Ontario. We find that this bran made from, we will say, the Calgary farmer's wheat, sells in Calgary for $24 per ton and it is exported to the United States for $23.90. That was in the month of January. You will observe, Mr. Chairman, that the Calgary farmer pays freight to Fort William on the wheat which is ground in Calgary.

By the Chairman:

Q. That is paradoxical. Explain the paradox.—A. The wheat is, we will say, $1 in Fort William, Fort William basis. The Calgary farmer sells his wheat for 75 cents. He has to pay the freight on his wheat to Fort William.

Q. He has to pay the freight on his wheat to Fort William.—A. Yes, but it does not make the bran any cheaper in Calgary.

Q. The wheat that he sent to Fort William of course is not ground in Calgary?—A. No, but the wheat that was ground in Calgary was grown near Calgary.

By Mr. Caldwell:

Q. That is the farmer only gets 75 cents for the wheat that is milled in Calgary?—A. Yes.

By the Chairman:

Q. First in Calgary there will only be one price for the one grade of article?—A. Yes.

Q. Articles of the same kind and grade will be sold for the same price in the one market. That is an economic law?—A. I do not think you can get over it. Then, as there is far more grain produced around Calgary than is milled in Calgary, and as you have to send a lot of surplus wheat away from Calgary, more than can be milled in Calgary, the price that is paid for what is sent away, that is the surplus out of Calgary, is what will determine the price of all the wheat which is marketed in Calgary. Do I make myself clear? Well, then, Mr. Chairman, will you admit that some of this Calgary flour goes over to the Old Country?

The CHAIRMAN: I would say it does.

WITNESS: Does the Calgary farmer not pay the freight on this flour to Fort William?

Q. But the price that the surplus obtains is the price which all will be sold for?—A. If the wheat were taken at the terminal at Fort William by the Ogilvy Milling Company, it would cost them there, we will say $1. I fail to see why this flour and bran should not be sold cheaper in Calgary than what they would sell it for at Fort William.

Q. Is that your argument? Is flour and bran as dear at Calgary as at Fort William?—A. The Calgary price for flour, $6.90 per barrel; bran, Calgary, $24 a ton.

Q. $6.90 a barrel, and the bran $24 per ton?—A. Yes.

Q. That is, Calgary?—A. Yes.

Q. Give us Fort William?—A. I will give you Fort William, because I presume Fort William will be even higher than Montreal. No, it will be perhaps the same there as it is in the United States. $6.32 for flour, and $23.90 for bran.

By Mr. Caldwell:

Q. $6.32 for flour?—A. Flour per barrel in the United States. That is Canadian flour shipped over to the United States, $6.32 per barrel.

Q. And bran?—A. Bran shipped over to the United States, $23.90.

By the Chairman:

Q. Is there a sufficient amount of wheat milled in Calgary to supply all the country contiguous to Calgary with bran and shorts?—A. I could not say, Mr. Chairman.

Q. I would imagine that local demand would have a good deal of influence on the price?—A. But I do know this, Mr. Chairman, that I was out to a farm a few miles outside of Ottawa, and I saw bran there manufactured in Moose Jaw, Saskatchewan, and that bran is retailing to farmers around Ottawa here for $32 per ton. The same farmer told me, and he says it was correct,—I cannot prove the statement—that bran was cheaper over in the state of Maine.

By Mr. Caldwell:

Q. Bran from Canada?—A. Canadian bran.

Q. Is there any duty on bran and flour going to the United States from Canada? It is a most peculiar thing that flour should be 58 cents a barrel higher in Calgary than the same flour shipped to the United States.

The CHAIRMAN: These things are great mysteries, which we might ask the minister to explain.

Mr. ROBINSON: Mr. Chairman, did we not have an explanation of why Canadian flour was cheaper in England than it is in Canada? I think we had that brought out here in evidence?

Mr. CALDWELL: Yes.

The CHAIRMAN: Bran does not go into the United States free. Paragraph 730 of the last tariff is as follows:—

> "Bran, shorts, by-product feeds obtained in milling wheat or other cereals, 15 per centum ad valorem.
>
> Hulls of oats, barley, buckwheat, or other grains ground or unground, ten cents per one hundred pounds.
>
> Dried beet pulp, malt sprouts and brewers' grains, $5 per ton; mixed feeds, consisting of an admixture of grains or grain products with oilcake, oilcake meal, molasses, or other feed stuffs, ten per centum ad valorem."

By the Chairman:

Q. Is your evidence then, Mr. Reid, that flour costs more at Calgary than at Montreal?—A. No, $6.90 in Calgary; $7.10 at Montreal.

Q. They cannot carry a bushel of wheat from Calgary to Montreal for 20 cents?—A. No, but I have shown you that the Calgary farmer has paid the freight to Fort William.

Q. And then in England what is it?—A. $5.79.

Q. And bran and shorts made from our flour you say are cheaper in the United States than in Canada?—A. Yes.

Q. Certainly the millers should explain that to us. I do not think any member of the Committee could explain it. Mr. Munro suggests that this comparison of British and Canadian flour prices may not be based on the same grade of flour.—A. That is a matter I do not know.

Q. That is vital to the comparison. Mr. Cornell said they were not?—A. Not the same quantity?

Q. He stated that they could not sell in Canada certain flours which they were able to sell in Great Britain, and it may possibly be that the flour you refer to as sold at the lower price in Great Britain is this flour referred to by Mr Cornell. Certainly on the face of it that is an extraordinary situation and one which demands investigation.—A. These figures, Mr. Chairman, are taken from the trade returns of the Department of Trade and Commerce.

Q. Any more questions or will we ask Mr. Reid to proceed to the next?—A. Well Mr. Chairman I think I am about through. I have taken up a great deal of your Committee's time, and in conclusion I just wish to say, in going back to the prairies again, I think I have shown to you the position of the farmer in Western Canada on the prairies, the duty which he pays on his implements, and not only on his implements, but on the cost of production which includes his necessaries of life, boots, shoes, clothing for himself and his family, and also that our rates of interest on our money are very much higher. Is it any wonder, Mr. Chairman, that our farmers on the western plains look anxiously across the American boundary? I do not know whether they wish that boundary line to extend further north or not. I am not prepared to say. But is it any wonder that they look anxiously across that American boundary, knowing that the American farmer is so much better off than they are, on account of the lower prices that he pays for what he buys, and the higher prices that he receives for the goods which he sells.

The CHAIRMAN: Well, Mr. Reid, I came across an article in an American publication yesterday headed: "Why the Western farmer starves," and what you have said about the conditions in Western Canada is equalled if not exceeded by the doleful picture presented by this American writer. I passed that article to Mr. Caldwell, who handed it to Mr. Milne, and Mr. Milne has just gone to his room to get it. I would like to read you what this man said about American conditions, and then to suggest the possibility of our Western farmer looking across there and finding that the far away fields look aye the greenest.

Mr. HAMMELL: As I have to leave the Committee, may I ask the gentleman a question or two while you are waiting for that?

The CHAIRMAN: Certainly, Mr. Hammell.

By Mr. Hammell:

Q. I am asking you these rather personal questions, Mr. Reid, because we have heard some very discouraging reports of the West and I have been asked to put these questions. You told us this morning that you were born in about the year 1860. When did you come to Canada?—A. In 1882.

Q. Were you very well off when you landed in Canada?—A. Oh yes, very well indeed. I had two sovereigns in my pocket.

Q. From what we gather from you to-day, I presume you have more than two sovereigns now. How much would you consider your thousand acres of western land was worth to-day?—A. There is no productive value to it to-day, sir.

Q. Well then the sale value of the farm. It surely must have a sale value of some sort.—A. Mr. Chairman, I would like my good friend to show to me where the value of a farm comes in if there is no productive value. If I cannot produce on that farm and sell my goods at the cost of production at least, I want to be shown where the value comes in.

By the Chairman:

Q. Mr. Reid, you can see the object of the question. I do not think it is an unfair one. The Committee is anxious to get the facts. We have had a lot of evidence placed before us, showing the dark side of the picture, and personally I do not doubt the accuracy of any of these statements that have been made; but at the beginning of your interesting remarks, you said that the country was all right, and that you had faith in the country?—A. Yes, I have.

Q. You came here with a capital of your own endowment of health and strength of body and mind that you got from your ancestors. Now you own

1,120 acres of land in Western Canada and Mr. Hammell asks what do you value that 1,120 acres at?—A. Pardon me, Mr. Chairman, I said myself and my family own that.

Q. But it was really you who got that together, was it not?—A. Well, Mr. Chairman, I have a grown-up family, my youngest son is 22 years of age, the oldest over 35, and I have four sons.

Q. Whose money bought these farms, yours or theirs?—A. That is a long story. In the first place I homesteaded in 1883. I gave the Government a ten dollar bill for the entry to a homestead of 160 acres. I also gave the Government ten dollars for what was called at that time a pre-emption, of another 160 acres. I second homesteaded this pre-emption, another ten dollars. Then I bought out a farmer who was a little dissatisfied, a quarter section for $7 an acre. Then I bought another quarter section at $3 an acre of wild prairie land.

Q. How long ago was that?—A. Away back in the dim past when land was being given away. Then I bought a hay meadow for $3 an acre.

Q. You "Added field unto field"?—A. Yes, but, Mr. Chairman, I don't want you to think for one minute that it was all my personal energy that bought this land. My wife has been working a long time.

Q. I don't doubt she did as much to bring about your success as you did yourself?—A. Oh, more so. And then what about the grown-up family?

Q. Now you have told us how got this estate together, tell us what you think it is worth. If I came to you with real money and said, "Mr. Reid you have worked up a good farm, and what will you sell it to me for," what would you expect to get from me before you let me go away with the title deeds in my pocket?—A. That would be a hypothetical case.

Q. Yes it is purely a hypothetical case, especially the assumption of having that money to purchase it, I grant you that. Or what would you try to get from me for it, setting aside your regard for me and just as a cold business proposition?—A. Let us take our municipal books last fall.

Q. Forgive me, no. I do not want to hear about your municipal books. I want you to answer me with that frankness which is the distinguishing characteristic of the Scottish race when they want to answer a question. What would you offer the farm to me for?—A. Let me give you an illustration, Mr Chairman.

Q. No, I don't want an illustration, I want a price.—A. Then I will give you an actuality. I was offered last fall tax sale receipts on farms immediately around me.

Q. I am not concerned at this time with the farms around you; I want to know what I can buy your farm for?—A. I am going to show you the truth of my statement, Mr. Chairman. I was afraid to buy those tax receipts because the farms would fall back on my hands. That statement is made under oath.

Q. Every statement you have made is under oath, but that is not an answer. You have got a farm there, and what would you sell it to me for to-day, supposing I had the money to buy it?—A. Well, Mr. Chairman, seeing that you are a brother Scot—

Q. Several generations ago.—A. And that I have great regard for my countrymen, I would not dare sell that farm to you unless I were sure that it would have a productive value for you that it has not for me.

Q. Well suppose I was an Englishman?

Mr. HAMMELL: I am an Irishman. What would you sell it to me for?—A. I confess to you, Mr. Chairman, that I don't know what value is in that farm to-day.

By the Chairman:

Q. But you know the price you paid for it, and if you were not desperately anxious but still wanted to sell it you could fix a price.

By Mr. Robinson:

Q. Would you take $10,000?—A. Let us talk about the acreage, so much per acre.

By the Chairman:

Q. Very well, state it at so much per acre.—A. Would it be fair to tell you Mr. Chairman that land is being sold to-day by the Sheriff?

Q. Yes, we have heard a lot about Sheriff's sales. You have told us how you built up this farm of yours in this part of the world where you have been for forty years, and if you don't want to give me the exact figure, because you may want to sell it at a higher price next year, and you do not want to be bound by the price you state here, leave the buildings out of consideration and tell me what you would sell the land for per acre.—A. I have told you that one of the half sections cost us $33 per acre, about. That is an improved farm.

Q. When did you pay $33 per acre?—A. About four years ago I think. Bought for my eldest son with his savings. I had of course to help him out.

Q. I am not asking you to put a price on your farm that would hamper you in your private business, but I would like you to tell the Committee the price you would put upon your whole estate there per acre?—A. Well Mr. Chairman I think that is a very hard question to answer.

Mr. CALDWELL: Do you think, Mr. Chairman, that it is a fair question?

The CHAIRMAN: I think it is. But if the witness says he thinks it unfair and that I am putting him at a disadvantage I will withdraw the question.

The WITNESS: No, I have not yet given up faith in western Canada, but I have no faith in those who govern Canada to give us the conditions to make the West possible.

By the Chairman:

Q. That is hard on the only member of the Cabinet we have here, but that does not answer the question.—A. I am not directing my statement against the present Government in power. They have all been the same. The pleadings of western Canada have not been listened to, and Mr. Chairman we have reached a point to-day where, unless something is done and done quickly, a result will come about in the West that will be serious.

Q. As far as the Chairman is concerned, he has done his share of pleading for western Canada.—A. I can quite believe that.

Q. If you feel that in pressing the witness I am doing something unfair, Mr. Caldwell, I will let it go; but I would like to get that information, because it is an indication of the quantum of faith the gentleman has in western Canada. —A. I have, Mr. Chairman, absolute faith in western Canada; that is in its ability to produce; but what is the use of production when the artificial conditions under which we have to produce are taking all the value away from our product?

Mr. ELLIOTT: I think the witness stated at the start that he valued his land at $20 per acre.

The CHAIRMAN: No, I think not.

Hon. Mr. SINCLAIR: That was for estimating the cost of production.

By the Chairman:

Q. For the purpose of estimating your cost of production you valued your ground at $20 per acre?—A. I did.

Q. And do you consider that a high value or a low value?—A. I consider it a very low value, Mr. Chairman, because it is below the assessed value to the municipality for taxation purposes.

Q. What is the assessed value?—A. $25 an acre I think.

Q. And all your land falls under that $25 an acre?—A. Nearly so, except the pasture lands and the hay meadow.

Q. And do you regard that as the fair value of your land?—A. I consider it is too high from the point of view of productive value.

Q. But for the market value do you consider it too high?—A. Mr. Chairman, there is no market to-day. Absolutely none.

By Mr. Caldwell:

Q. The reason I thought it was hardly a fair question is that you are summing up what Mr. Reid has said about values at other times and charging that up as an indication of the present time. I have an extract from a speech made by Mr. Brown the Vice-President of the Canada Colonization Company, when addressing the Progressive members of this House a short time ago, when I was Chairman of the meeting, which will indicate the change in the condition. This is from a verbatim report. He said:

> "When the Canada Colonization was formed, good land was dear. Conditions at the present time are so bad that everyone wants to sell."

He was telling how cheap you could get land in the West at the present time. So that I think the question is hardly a fair one.

Mr. MUNRO: Would it not be fair under the circumstances, if you were going to sell, to take the value of the land worked out in the way you have.

Hon. Mr. SINCLAIR: I was going to say regarding the $25 per acre, assessed value; having faith in the future and expecting to overcome the present depression, would you consider $25 a low value to sell land such as you describe?

The WITNESS: I consider that $25 an acre, from a productive point of view, is too high.

By Mr. Hammell:

Q. Under present conditions?—A. Or under any other conditions. The statement was made by Dean Rutherford of our Agricultural College in Saskatoon, that the average land in the Province of Saskatchewan for the production of wheat—that its outside value was $15 per acre.

By Hon. Mr. Sinclair:

Q. Did Mr. Rutherford make that statement recently?—A. Perhaps five or six years ago. But again I state, Mr. Chairman, that the value of land lies solely in the productive value, that is to say the produce that you can take out of the land and sell, over and above the cost of production. That is the basis on which I value my land, and I don't think there is any other basis to value it on.

By Mr. Robinson:

Q. Did the price of land go up in 1918?—A. A lot of people thought it went up.

Q. Was there any speculation in land?—A. There was too much.

Q. Did you acquire any of your land in 1918?—A. No. I might state this, Mr. Chairman, for the information of yourself and your Committee, that I paid for my land which I bought—and none of it was bought too high, I don't think, when you take the average all over,—with 20 and 25 cent oats, and 65 to 75 cent wheat, within those figures. And, Mr. Chairman, with an outfit to-day clear, no mortgage or anything else against it, the land and the horses and machinery, I cannot make a living there. Tell me what is the trouble?

Mr. McKAY: Your prices were inflated.

By Mr. Grimmer:

Q. Supposing persons wished to buy and went there with the money to purchase your property, would you think that the productive value would fix the price that you would ask him, or would you make a price to include the labour you have put on it? Assume that he offered you $100 an acre, would you accept that or would you get down to a basis of what you thought the land was productive to yourself?—A. That question is a very easy one to answer. If I was offered $100 per acre there would be a deal made very quickly, because that value is not in it.

Q. Would you consider that a fair value for your farm?—A. No, certainly not.

Q. That would be an extreme?—A. Yes, I should say so.

Q. What I was trying to get at is the basis of value of the land and what you would consider its price?—A. I contend that I have shown clearly that there is no productive value in the land to-day, neither in producing grain or in live stock; cattle especially.

By the Chairman:

Q. That is to say, operating the farm with a great deal of hired labour; if you were able to work the farm, if it was small enough to be able to work it with your own labour, and that of your family, there might be a living in it although it might involve a great deal of hard work.—A. Yes, if we could go without clothes and boots and shoes.

By Mr. Robinson:

Q. What remedy do you suggest or do you know of any?—A. The remedy? Well, sir if you will let me write the prescription I will give it to you right now.

Q. Is there a cure?—A. There is a cure, and I have tried to show this Committee, Mr. Chairman, where the cure lies. Give us the necessities of life and the implements of production at a pre-war price, and we can produce at a profit. And remember, Mr. Chairman, I see no hope of better conditions in Western Canada unless the cost of production is very materially decreased, because I believe that in 12 months or 24 months at the furthest Russia will be producing an enormous quantity of grain for export, and she will then be our keenest competitor. And we will simply be out of it if we do not have the cost of production decreased.

Q. That would mean then a decrease in wages, freight rates and everything that enters into giving you your implements of production would it not?—A. Our freight rates to-day are still about 2 cents per hundred higher than they were in pre-war times. But our machinery is double the price to-day that it was in pre-war times. I have told this Committee that I paid for my land out of 20 to 25 cent oats and 65 to 75 cent wheat, and in my opinion, Mr. Chairman, inside of two years the Canadian farmer will have to take less than a dollar for his wheat, that is if Russia comes into the market.

By Mr. Caldwell:

Q. I asked a question of another witness this morning, I mean Mr. Ward, what effect the action of the Minister of Customs had in putting a valuation on farm machinery, on the present tariff. Have you any information on that?

The CHAIRMAN: I think we should get the Statute for that.

Mr. CALDWELL: I think Mr. Reid can give us a concrete illustration.

The WITNESS: Yes, I can give a concrete illustration.

By Mr. Caldwell:

Q. The statement was made this morning that this provision had not been put into effect.—A. As a director of the United Grain Growers, Limited, I might state that we were handling farm implements at one time, and we bought a consignment of goods from Hersheimer Bros. of Lacrosse, Wisconsin. Their plant was not very busy and we ordered a large consignment of tillage tools to sell to our farmers. We made a very good bargain, but when they were shipped over and came to the Canadian Customs port of entry, we had the regular documents, the Bill of Lading, the invoice, and a sworn declaration from the manufacturers who made those goods for us, but the Canadian Customs Officer would not take that declaration, nor the statement in regard to the price. There was an arbitrary price put on, and the duty put on accordingly. Mr. Chairman, that is one of the reasons why the U.G.G. are out of the implement business to-day.

By Mr. Munro:

Q. What date was this?—A. That would be perhaps three—.

Mr. MUNRO: That is before this amendment came into the House.

Mr. CALDWELL: Before this last amendment, yes, but there was always the dumping clause.

Mr. MUNRO: The arbitrary power of the Minister of Customs was enacted since then, so that it does not apply to this particular illustration.

Mr. CALDWELL: A statement was made this morning that that never had any effect, as to an arbitrary valuation.

The CHAIRMAN: I think there is a misunderstanding here. What Mr. Sinclair referred to when he said that the provision of the law had not been put into effect, was not the dumping clause, but the special Act put on last Session, which gave the Minister the right, as I remember it, to value the duties at a certain figure.

Mr. HAMMELL: The present Minister never exercised that authority.

The CHAIRMAN: That is what I understand from Mr. Sinclair.

We thank you very much, Mr. Reid; we are very glad to hear your voice again, those of us who have heard it here before. You will not be going away at present. We have Mr. Amos next. How much time will you need, Mr. Amos?

Mr. AMOS: I think possibly I can get through in half an hour if I have not much interruption.

The CHAIRMAN: Then suppose we say half past seven and we will try to restrain our questioning capacity, and give you a chance to answer.

(The Committee adjourned until 7.30 p.m.

Evening Session

The Special Committee appointed in inquire into agricultural conditions throughout Canada, resumed their session at 7.30 p.m., the Chairman, Mr. McMaster, presiding.

WILLIAM ANDREW AMOS, called and sworn.

By the Chairman:

Q. Mr. Amos, you come before us representing what organization?—A. The Canadian Council of Agriculture, more particularly bearing on the problem of the farmer in Ontario

Q. You are an office-bearer in that organization?—A. I am President of the Canadian Council of Agriculture and also of the United Farmers of Ontario.

Q. You have prepared a statement to present to us and I would suggest that you make your statement without interruption and that when you finish we question you, if that is agreeable to the Committee?—A. In view of the questions asked Mr. Reid this afternoon, which would seem to indicate that there is an idea abroad that some of the farmers who appeared before this Committee are more in the class of the farmers who farm the farmers, perhaps you will allow me to state that I am a real farmer. I have been actually engaged in the operation of 100 acres of land in Ontario for eight years, and I have been for almost all of that time without any hired help. Only a week ago yesterday I got a man regularly to assist in the farm operations for the successive eight months of this year.

Perhaps again the public may infer that I could not have been carrying on very extensive operations on that 100 acres under these conditions. I have never grown less than 30 acres of cultivated crop in any one year, and have never harvested less than 45 tons of hay, as well as the grain crop and the roots and corn. At present the oldest boy in my family is just a month under 13 years of age. I have been able to accomplish that work for two years with the splendid co-operation of my next-door neighbour. We change works and we are able to take off the harvest in that way of both farms. Now, sir, one does not like to have to deal in these personal matters, but possibly in self defence in these days we must make reference to them. We feel in Ontario that there have been a great many things that have militated against the progress of the farmer financially, and possibly I might refer to the present rate of wages in the building trades. In the year 1914, according to the labour statistics, painters were getting 35 cents an hour; and that the schedule of wages for the same workman in 1923 is 65 cents an hour. Bricklayers in 1914 were getting 55 cents an hour; in 1921, the last statistics I was able to get—and I feel perfectly certain that they have not been reduced since that time—the wages for bricklayers were from 90 cents to $1 an hour. Carpenters in 1914 were getting 40 cents an hour; in 1921, and so far as I know no change since that, 75 cents an hour. Blacksmiths in 1914, 35 cents an hour; in 1921, 50 to 65 cents an hour. For shoeing a driving horse, I have vivid recollections of the price as far back as 1914, I could get my driving horse shod all around new for $1; but to-day that same operation costs me $2. Threshers in 1915, the first year I was on the farm, were charging $2 an hour; last year I paid $3.50 an hour.

By Mr. Hammell:

Q. Mr. Amos, you had better explain to these Western gentlemen that threshing in Ontario is with two or three men and an outfit.—A. Yes, the threshing as we have it to-day is with a self-feeding outfit with a straw blower, and manned in our vicinity by two men.

By Mr. Caldwell:

Q. That is only two men go with the machine? You pay $2 an hour for two men and a machine?—A. Yes, that includes two men and the machinery.

By Mr. Milne:

Q. What size is the machine?—A. Anywhere from a 32 to a 36-inch cylinder.

By Mr. Caldwell:

Q. What would they thresh in an hour?—A. In good running, about 125 bushels an hour.

Q. Of wheat or oats?—A. That would be oats. And that would be good running, pretty nearly the maximum running.

Q. Possibly half as much wheat?—A. Yes, well I really cannot say as to that because I have never grown wheat on my farm. I have grown the other cereals.

The CHAIRMAN: Let me suggest the advisability of taking notes of the questions you wish to ask the witness, and let him proceed. We want to be in the House shortly after eight if we can.

The WITNESS: Now the male help on the farm in 1915, acording to the statistics of the Department of Labour of Canada, were $18 as actual wages and $13 as an allowance for board. In 1922, $37 wages and $20 for board. From my own experience I would say that in 1915 men by the day cost me $1.50. But in 1922 I had to pay $3 a day. Board in each instance. That is hiring a man just by the day, occasionally.

Now when we come to building materials that enter into farm operations, I should say before entering into costs that this is a vital matter for farmers to consider at the present time, because the farmer during the high prices of the war years delayed every possible repair that he could, hoping against hope that prices would be easier after the war.

So that as far as my observation and experience at home goes, I would say that the farmer has got to the stage where he is absolutely up against it; he has to come to the point where he must make repairs almost immediately; he cannot defer the operation much longer, if at all. If he does defer it, he is simply rendering his depreciation on his buildings that much greater.

For instance, if he allows his roof to get into very bad repair, water gets into the timbers of his barn and sooner or later his whole barn is a wreck.

Now as to prices of building materials, I am reading from the Dominion Bureau of Statistics entitled Trade Branch. In 1914, cement per barrel at Toronto averaged in price $1.52½. In 1922, $3.69 per barrel.

With regard to lumber, the same source of information states that in 1914 the index number was in 100. In 1922, 176·9. I might add, that we had from one of our leading implement manufacturers, information that in 1914 they quote the price of lumber as entering into their manufacture, $33 per thousand. In 1923, the corresponding figure is $85. Or an increase of 157·5 per cent.

With regard to wire fencing, the Dominion Bureau of Statistics quotes galvanized barbed wire in 1914 as $2.38 per cwt. In 1922 the same wire is quoted at $4.39 per cwt. Or an increase of 89 per cent.

Then possibly I might go on and complete that part of my statement in connection with the implements which a farmer uses. I do not think it is necessary for me to read into the record the statement from each individual manufacturer. They do not correspond absolutely but the general trend is about the same percentage of increase. Unless the Committee wish I will give a statement from one manufacturer. What is called a Number 5 binder 7 foot with sheaf carrier and transport truck in 1914.

The CHAIRMAN: I think it would be interesting for the Committee if you gave us from the various manufacturers the figures you have. We will be glad to see whether there is any substantial difference in price from the different sources.

The WITNESS: If that is your wish I can give it. I have it from three manufacturers. I might say that in the case of one, if I read their letter correctly, they rather made a reservation as to its source. I would not like to be guilty of any breach of confidence with that firm, but if the Committee wishes the name in private I am perfectly willing to submit it to the Committee.

The CHAIRMAN: If you have anything that can be interpreted is given under the pledge of secrecy, you had better not give it, Mr. Amos. I have asked the International people to send a man here. If your action could be interpreted as a breach of confidence, you will be guided by your own sense of what is fitting.

The WITNESS: There can be no breach of confidence, Mr. Chairman, other than just the disclosure of the name.

The CHAIRMAN: Then do not disclose the name. Call this company Number 1.

The WITNESS: Yes, I was referring to the number 5 binder 7 foot cut with sheaf carrier and transport truck which in 1914 cost $140. In 1923 they quote the same binder at $233. 66 per cent increase.

A mower 24 section, 6 foot cut, 1914, $56; 1923, $100, 78 per cent increase.
Steel rake, 10 foot, 1914, $32; 1923, $50, 56 per cent increase.
3 section diamond drag harrow, 1914, $15; 1923, $24, 60 per cent increase.
13 single disc drill, 1914, $80; 1923, $147, 84 per cent increase.

By the Chairman:

Q. Are these prices f.o.b. factory or where?—A. In this particular instance it does not say Mr. Chairman but I judge from my own knowledge of the prices that these are retail.

By Mr. Caldwell:

Q. They are prices given under the same conditions for the different years? —A. Oh yes absolutely. They are on a uniform standard.

A 500 pound cream separator, 1914, $72; 1923, $90, 25 per cent increase.
A Walking plow, 1914, $15.50; 1923, $24.50, 56 per cent increase.
Wagon complete 3½ inche arm, 2½ x 2½ tire, 1914, $77; 1923, $163, 112 per cent increase.
Land roller, 9 foot, 27 inch less T and Y, 1914, $46; 1923, $86, 87 per cent increase.
That completes Number 1.
Then Number 2.
6 foot grain binder, 1913, $132; 1923, $211, 60 per cent increase.
4½ foot mover, 1913, $52; 1923, $82.72, 59 per cent increase.
10 foot rake self dumping, 1913, $31; 1923, $47.47, 53 per cent increase.
13 single disc drill, 1913, $84; 1923, $133.48, 58·9 per cent increase.
Disc harrow, 1913, $24; 1923, $42.30, 76 per cent increase.
Smoothing harrow, two section 62, 1913, $18; 1923, $27.73, 54 per cent increase.
Walking plow, 1913, $14.50; 1923, $22.09, 52 per cent increase.
Wagon 3¼ inch arm, 2 by ½ inch tires, that is 2 inches wide and ½ inch thick, 1913, $76.50; 1923, $151.32, 97·8 per cent increase.
Standard Manilla twine per pound, 1913, 9¼ cents; 1923, 11·28 cents, 15·7 per cent increase.
Number 3:—
A 6-foot binder, 1914, $138; 1923, $246, 78 per cent increase.
6-foot giant mower, 1914, $54; 1923, $97, 80 per cent increase.

10-foot hay rake, 1914, $31; 1923, $49, 58 per cent increase.
13 disc grain drill, 1914, $85; 1923, $150, 76 per cent increase.
3 section drag harrow, 1914, $14.75; 1923, $23.50, 60 per cent increase.
Riding gang plow high lift with rolling coulters, 1914, $70; 1923, $129, 84 per cent increase.
Wagon complete, 3½ by 2½ by ½-inch tires with full shelving box, trees and yoke, 1914, $78; 1923, $164, 110 per cent increase.
9-foot land roller, 1914, $42; 1923, $83, 97.6 per cent increase.
Ontario walking plow, 1914, $14; 1923, $24, 71 per cent increase.

By Mr. Caldwell:

Q. Are these cash prices you are giving?—A. I could not say as to that Mr. Caldwell.

By Mr. McKay:

Q. Are these of Canadian manufacture?—A. Yes.

Q. Can you give the corresponding American prices of the same article?—A. No, sir, I have not looked into that.

Q. You have no American prices at all?—A. No, sir.

By the Chairman:

Q. I have before me an article written by a gentleman from the American northwest. He says this:—

> "A mowing machine which in 1914 sold for $47.50 in 1922 costs the farmer $70. A manure spreader formerly worth $100 now costs $200. Binder twine for harvesting grain which formerly sold at 8 cents now costs from 14 to 16. A binder which formerly cost $135 now costs $225." That is in the northwest States, Minnesota, North Dakota, South Dakota and Montana.

Mr. MUNRO: How does the price of that binder compare?

By the Chairman:

Q. What was the last price for a binder that you quoted Mr. Amos?—A. $246.

By Mr. Hammell:

Q. Are these binders the same width in all cases?—A. I think not. If I remember rightly No. 1 was a seven-foot and the other two six-foot. Now, Mr. Chairman, just there I might interject this observation; we have observed in the price of the implements which the farmer has been buying, that the increase in the price as betwen 1914 and 1923 was rather a high percentage, in fact we might say very high; but if we observe closely in connection with binder twine and cream separators, two articles which are not affected by the tariff, the difference in price on those two articles ranged in the case of binder twine to just an increase of 15.7 per cent, and in the case of cream separators—I have one figure indicating an actual decrease as between 1916 and 1923 of 11 per cent.

By Mr. Robinson:

Q. That is, for the same separator?—A. Yes.

Mr. CALDWELL: The same separator in 1916 and 1923.

By Mr. Robinson:

Q. Made by the same firm?—A. Yes; that is right, I think. I will verify it in a moment. I am quoting from a firm who manufactured separators in

Bridgeburg, Ontario. Their 1916 price for a No. 18 separator was $58; the 1923 price for the same separator was $48.24, or, as I have pointed out, a decrease in those seven years of 11 per cent.

By Mr. McKay:

Q. Was there free trade in both cases?—A. There was no duty in either case.

Q. Can you give us any account of the binder twine that was interchanged between the two countries in that time, and the number of separators?—A. I have not those figures.

The CHAIRMAN: I think we have figures of the amount of cream separators sent in 1921, in the fiscal year 1921. This was given this morning for two of our Canadian manufacturers, that we sent ploughs to the value of so much.

Mr. MCKAY: Was that to the United States?

The CHAIRMAN: Yes.

WITNESS: Before we leave the matter of cream separators, in the case of No. 1 of the implement manufacturers, their quotation in 1914 for a 500 pound cream separator was $72, and for 1923 $90, an increase of 25 per cent during those years.

By Mr. McKay:

Q. How do you account for that; did you take the same in both cases, no duty in this case?—A. No, there is no duty on cream separators at all.

The CHAIRMAN: I do not know whether there is any duty on cream separators into the United States or not, but I will find that out in a moment. I have the American tariff here.

Mr. MCKAY: No, there is not.

The CHAIRMAN: Except if they are over a certain amount. I will get it in a moment; I was looking at it a minute ago.

By Mr. McKay:

Q. Have you any relative prices in regard to binder twine and cream separators from different manufacturers in the United States?—A. No. I might say, Mr. Chairman, that I did not go across the border at all, in this investigation.

The CHAIRMAN: I have it here, Mr. Hammell. On the free list, the last American tariff, paragraph 1504: "Cream separators valued at not more than $50 each." Those are on the free list.

Mr. MCKAY: Going into the United States?

The CHAIRMAN: Yes, going into the United States.

By Mr. McKay:

Q. The prices you gave us are the retail prices?—A. Yes, sir. In the case of No. 1 manufacturer it was retail.

Q. Then No. 2 and No. 3?—A. I have no quotations from No. 2 or No. 3. The other quotation I gave you was, as I have indicated, from a firm that manufactures them at Bridgeburg, and I do not think it says whether they are wholesale or retail.

By the Chairman:

Q. Excuse me if I interject this, but we might as well get on the record just how cream separators are dealt with. In paragraph 372 it says "Cream

separators valued at more than $50, and other centrifugal machines for the separation of liquids or liquids and solids, not specially provided for, 25 per cent ad valorem."

By Mr. McKay:

Q. You say you did not cross the line, Mr. Amos, and you cannot give us the selling price of all this machinery you gave us in 1914, 1919 and 1923?—A. No.

The CHAIRMAN: It is only fair to state that Mr. Reid in his evidence this afternoon I think it was, took a number of comparative prices of farm machinery from the T. Eaton catalogue and from the Sears Roebuck catalogue in the United States, and established comparisons between their prices.

Mr. MCKAY: I think it would compare favourably with the Sears Roebuck

Mr. MCKAY: He gave the Eaton prices, but no one in this country would think of buying machinery there.

The CHAIRMAN: I think it would compare favourably with the Sears Roebuck Company.

Mr. MCKAY: Don't you know that goods handled by those stores are very inferior?

Mr. HAMMELL: Agricultural implements especially.

The CHAIRMAN: I may be wrong, but it seems to me that if you drew a comparison between a like house in Canada and one in the United States it would not be unfair, unless Sears Roebuck's goods are very much better than others. I would assume that they are on a parity.

WITNESS: There is just one item I would like to refer to, lest in checking up my percentages you might think I was in error. I have just observed that in figuring the 11 per cent decrease in the separators made in Bridgeburg as between 1916 and 1923, I took into cognizance a statement they make as a footnote; up until the first of June, 1919, there was a 7 per cent war tax on separators being imported into Canada, and since they were quoting the 1916 price they deducted that 7 per cent from the price they quoted, and thus figuring my percentage as against the stated price for 1923 makes the percentage a little more favourable to their side of the case. If I had been anxious to make it favourable for my presentation, I would have omitted the 7 per cent war tax, and it would have shown up much worse.

The CHAIRMAN: What we would like to have, and what I am sure we have in your case, is witnesses who are anxious to give the real facts, and not lean to one side or the other.

By Mr. Robinson:

Q. I was interested in what you said about the wages of these different men on the farm. You said that in 1915 the wages paid amounted to $31, and that in 1921 they amounted to $57, an increase of about 84 per cent, and you spoke also about the increase in the wages of carpenters, iron-workers and so on; do you think, from the manufacturer's point of view, that he also has to meet with these big increases when he hires painters, carpenters, iron-workers and so on?—A. No one can contest that; that goes without saying.

Q. Then the average increase in price that you gave for these different articles would average about 80 per cent, while the increase in wages of the labouring man shows an increase of about 84 per cent?—A. That is for farm labour, in the last case.

Q. You take what you pay for carpenters, blacksmiths, all that goes into the manufacturing industry in the same way?—A. Yes.

Q. Would that not account for a large proportion of this increase in the cost?—A. Surely.

Q. The next question is, how are we to get the other side, that of the manufacturer?—A. Might I say here, Mr. Chairman, that from my observation it seems to me that there is a vicious circle at the present time, in which the manufacturer and the labourer are, and they are going the rounds.

Mr. HAMMELL: And we are hanging on the outside.

WITNESS: Unfortunately the farmer is off that circle; he seems to be the prey of that circumstance, of that circle. That is the point I am trying to demonstrate.

By Mr. McKay:

Q. The farmers' goods are almost all sold at deflated prices?—A. Yes. Just to complete the statement of the increased expenditure for farm operations, in 1914 the interest charges on good farm mortgages were 5 or 5½ per cent.

Q. Money borrowed from whom, private individuals or banks?—A. Private individuals.

By Mr. Hammell:

Q. From 5 to 5½ per cent?—A. Yes, sir, from 5 to 5½ per cent; in 1923 the interest asked is 6 per cent and 6½ per cent, and it is very difficult to obtain money even at 6 per cent. Now, to continue with regard to the articles which we buy, household articles, in quoting from the Canadian Grocer, molasses per gallon in 1914 cost 45 cents.

By the Chairman:

Q. Per gallon?—A. Per gallon. I should say here probably that they are quoted as Barbados molasses. In 1922 the quotations were $1.05 per gallon, an increase of 133·3 per cent. Corn syrup 2 pound tins by the case, in 1914 the price was $2.65, in 1922 the price was $4.25, an increase of 60 per cent; rolled oats per 90-pound bag in 1914 $3.25, in 1922 $3.25, no increase.

Q. Another argument on the advantage of eating porridge.—A. Corn meal in 1914 $2.65 per bag, in 1922 $2.75, an increase of 4 per cent. Rolled wheat per 100-pound barrel in 1914 was $3.75, in 1922 $5.25, an increase of 40 per cent. Sockeye salmon by the dozen in 1914 was $2.52½, in 1922 $5.00, an increase of 98 per cent.

Q. Excuse me for interrupting you, but did you say whether these were wholesale prices or not?—A. No, Mr. Chairman, I did not say.

Q. Are they?—A. I am quoting from the Canadian Grocer.

Q. It hardly looks like retail, when you say sockeye salmon at so much a case.—A. Pardon me, Mr. Chairman, I said sockeye salmon by the dozen.

Q. At any rate, you are not sure whether they are retail or not?—A. No, sir.

Q. That does not affect the value for the purposes of your comparison?—A. No. I do not think it would affect the comparison at all.

Canned corn by the dozen in 1914 sold for 95 cents, in 1922 the price was $1.25, an increase of 31·6 per cent. Pineapple in 1914 sold for $1.92½, in 1922 it sold for $3.75, an increase of 95 per cent. Canned peaches by the dozen in 1914 were quoted at $2.02½ in 1922 the price was $2.85, an increase of 40 per cent. Lemon peel per pound in 1914 was 12 cents, in 1922 it was 28 cents, an increase of 123·3 per cent. The price of orange peel in 1914 was 12 cents, in 1922 the price was 28½ cents, an increase of 137·5 per cent. Citron peel by the pound in 1914 was 19 cents, in 1922 it was 49 cents, an increase of 158 per

cent. Currants, Melitas, in 1914 sold for 17½ cents, in 1922 19 cents, an increase of 8 per cent. Raisins, Valencias, in 1914 were quoted at 6 cents, in 1922 19½ cents, an increase of 225 per cent. Shelled walnuts in 1914 sold for 35 cents, in 1922 they sold for 53 cents, an increase of 51 per cent. Rice, Rangoon, in 1914 sold for $3.50.

Q. For what?—A. Evidently per barrel.

Q. Would it not be per hundred?—A. I was suggesting that it was per barrel.

Q. I would say per hundred pounds.—A. I would say, Mr. Chairman, that it would not make any difference to the comparison.

Q. Per unit or measure?—A. Exactly. In 1922 the price was $7, an increase of 100 per cent. Lard per pound in 1914 was 12¾ cents, in 1922 it was 32 cents, an increase of 151 per cent. Breakfast bacon per pound in 1914 was 19 cents, in 1922 it was 42 cents, an increase of 121 per cent.

From the Dominion Bureau of Statistics I have obtained these figures: Men's lined boots in 1914 sold at $5 per pair, in 1922 they sold for $9.50, an increase of 90 per cent. Men's working boots in 1914 were $3.50, in 1922 $4.50, an increase of 29 per cent. Ladies' suits, good average quality sold in 1914 for $27.50, in 1922 the price was $45, an increase of 64 per cent. Serge per yard, good average quality, in 1914 the price was $1.00, in 1922 it was $1.50, an increase of 50 per cent.

Now if we turn to the produce the farmer has to sell, and quote from the Dominion Bureau of Statistics—

Q. Before you enter upon that, Mr. Amos, did you ever attempt to compare a budget for the farmer; you have given us a lot of interesting information, but suppose the price of shelled walnuts went up 300 per cent, it would not affect the family budget very much, because after all shelled walnuts are but a very small part of the ordinary expenditure of a farmer. Have you ever calculated it to find how much these increases weighed on the farm—the statisticians call it weighing the figures?—A. No, sir, I have not.

Q. Would that not be an excellent thing to do, to take an average family of four or five people; for instance we find rice increased 50 per cent. Rice is used a good deal by a family. Then take oatmeal; the Scotch people who would follow the traditions of their forefathers and eat oatmeal porridge both for breakfast and supper would find their family budget increased but very little, because oatmeal has not increased in price any. However, Mr. Amos, your Association is particularly interested in this matter, and I would invite your consideration to the advisability of practical farmers preparing a practical farm budget.—A. I might say, Mr. Chairman, that that was in my own mind, but my time was so limited that I could not very well get it together, and the clerk we had working at these figures handed them to me averaged over a whole list. I observed at once that that would be absolutely unfair because, as you have pointed out very well, Mr. Chairman, we should know about the average quantities of each before we could strike averages. So that when I could not do that I just resorted to the actual figures in detail, as I have them.

The CHAIRMAN: I may say to the Committee that under instructions from myself and other members of the Committee the Canadian Bureau of Statistics are preparing figures somewhat similar to the figures Mr. Amos has placed before us. I asked them to group them as closely as possible, so that we would have an idea of how important they were, and they are endeavouring to group these figures.

Mr. CALDWELL: Are you taking the necessaries of life?

The CHAIRMAN: The necessaries of life of a particular class will be put in one group, and the necessities of life in another group will be put in another group, in order to get an idea of the exact bearing on the family purse these variations in price have had in these ten year periods.

Excuse us for interrupting you, Mr. Amos.

WITNESS: I think I read into the record the price of oats per bushel.

By the Chairman:

Q. No, you just started to give us the difference in the prices of what the farmer has to sell; you have been dealing with him as a consumer in the country, now you are going to deal with him as a producer and a vendor?—A. In 1914 wheat per bushel, from figures taken from the Dominion Bureau of Statistics, was $1.22 per bushel.

Q. What is that?—A. $1.22.

Q. $1.22 a bushel in 1914?—A. That is what is set out in the Dominion Bureau of Statistics.

The CHAIRMAN: What grade of wheat would that be? I have a form here with the average prices obtained from the wheat crop in 1914 in Canada, and the price was not $1.22 a bushel. Perhaps some of my Western friends can tell me.

Mr. MILNE: My recollection is that it was not as high as that.

By Mr. Elliott:

Q. Would that wheat price be in the fall of 1914?—A. Some of that wheat would not be marketed until October, while the war started in August. If you will remember, there was a sudden rise in the price of wheat then.

By the Chairman:

Q. Why do you take 1914, if 1914 was subject to the abnormal influences of the war; why did you not take the last normal year?

Mr. McKAY: There was really no normal year in the price of grain. You would have to go by regular groups of years, and even then it would be hard to get average figures.

The CHAIRMAN: I went into this question of wheat prices very thoroughly in preparation for a speech I made on the Wheat Board last Session, and I took for my computations the six years ending with the crop year of 1913. I did not touch the war years at all, because I thought they were quite abnormal.

Mr. McKAY: Can you remember what your average was?

The CHAIRMAN: No, I do not remember.

Mr. MILNE: In 1912 and 1913 the price of wheat was 87.

Mr. McKAY: How much?

Mr. MILNE: 87.

Mr. McKAY: Was that in 1913?

Mr. MILNE: No, 1912 and 1913; that would be the 1912 crop.

By the Chairman:

Q. I should not have interfered with you, Mr. Amos. Go ahead with your presentation. It seemed to me to be high, but go ahead and make your comparison.—A. I think in whatever I have already given you, whatever may obtain later on, that 1914 would be a fair basis to start with, because these were articles spread over the whole year, and the war period touched them.

The CHAIRMAN: As I remember it, there was no great variation in the prices of foods in the early months of the war.

By the Chairman:

Q. Go on then, Mr. Amos, if you please.—A. Wheat per bushel in 1914, $1.22; 1922, 85 cents, a decrease of 30·4 per cent.

Oats per bushel, 1914, 48 cents; 1922, 38 cents, a decrease of 20·9 per cent.

Barley per bushel, 1914, 60 cents; 1922, 46 cents, a decrease of 23·4 per cent.

Potatoes per bushel, 1914, 49 cents; 1922, 54 cents, a decrease of 10·2 per cent.

Beef steers, 1,000 pounds, wholesale prices at Toronto, per 100 pounds, 1914, $8.29; 1922, $7.17, a decrease of 13·5 per cent.

Milk cows, 1914, $57; 1922, $48, a decrease of 15·8 per cent.

Sheep per cwt., light ewes, 1914, $6.14 per cwt.; 1922, $6.33, an increase of 3 per cent.

These are wholesale prices at Toronto.

Hogs per cwt., live weight, 1914, $7; 1922, $10, an increase of 43 per cent.

Hay and Clover per ton, 1914, $14.22; 1922, $13.46, a decrease of 5·5 per cent.

Wool, per pound, not washed, 1914, 19 cents; 1922, 17 cents, a decrease of 10·5 per cent.

By Mr. Hammell:

Q. Was this the Toronto market?—A. I cannot tell you where these figures were compiled. They were all taken from the Dominion Bureau of Statistics.

By the Chairman:

Q. That was the average price all over the country.—A. It is a list of prices.

By Mr. McKay:

Q. Have you got butter, eggs and cheese?—A. No, I am sorry, I have not got a complete list, but I think they can be easily ascertained. As I said, I have not had an opportunity of taking up all these figures before I left for this interview.

Now I have a statement of mortgages for Ontario taken from the annual report of the Inspector of Registry Offices for the Province of Ontario.

The total mortgages in 1914 were $136,226,828.41.

And to get as near as I could to a fair basis for the rural districts, although it is not absolute, because these figures as they are listed set out apparently just the registry offices, and they included, if my memory serves me correctly, only five of the cities, that is set out as cities; but deducting the mortgage figures for the said cities, which amounted to $20,249,504.74, it left as nearly as we could arrive at it for the rural mortgage indebtedness $115,977,323.67.

Q. Can you tell me what the mortgage indebtedness of Toronto is?—A. For 1914?

Q. Yes, and what are the other cities?—A. The cities as I recall them were London, Ottawa, Toronto and Kingston. Hamilton was not segregated.

By Mr. Hammell:

Q. It would be included in the County of Wentworth?—A. Apparently.

By Mr. McKay:

Q. You cannot get any close figures on that?—A. No, they are not accurate, from the standpoint of the absolutely rural part.

Q. How does the city population of the Province compare with the rural in percentage?

By the Chairman:

Q. There are more living in the city than the country now, I think?—A. 43 to 57.

Q. The smaller figure for the rural?—A. Yes.

Mr. McKay: There are many mortages in the small villages and towns. The county I live in for instance, perhaps one of the most prosperous counties in Ontario—

The Chairman: And one of the best represented.

Mr. McKay: Yes. You will find a great number of mortgages in villages and towns such as Renfrew, Eganville and so on; the working men have small mortgages on their houses.

By the Chairman:

Q. Just what are you trying to convey to the Committee, the amount of farm mortgages in Ontario in 1914?—A. Yes.

Q. Are you going to include in the rural such places as Hamilton, Brantford, Kitchener, Waterloo and so on?

Mr. McKay: No computation could be made from these registry office returns. In the county of Renfrew no division is made between the rural and city mortgages.

The Chairman: You can make a guess if you want to but it is only fair to make it clear that it is only a guess.

By Mr. McKay:

Q. Can you make a guess?—A. I would not like to say that it was even a guess. I am not stressing this point, Mr. Chairman.

By the Chairman:

Q. Make your point then, Mr. Amos?—A. I have given the figures for 1914.

Q. You take a certain figure and deduct 20 million representing certain cities of Ontario, and then you say rural Ontario plus the other cities amounted to?—A. $115,977,323.67.

Q. And in 1922?—A. I could not get those figures. In 1919 the lowest that is recorded, the total mortgages for the Province was $89,429,581.36. And these same cities had a total mortgage indebtedness of $53,815,064.38. Leaving on the same basis as we have stated, that might be classed rural or semi-rural, $35,614,516.98 as against $115,977,323 in the former year 1914.

Q. Showing that in the years of the war they paid off a lot of their mortgages, was that it?—A. That is what I was trying to point out, yes.

Q. I think that was a fair deduction?—A. That is what I thought, Mr. Chairman; that while the figures cannot be said to be accurate by any means, the deduction is fair. Then when we come to the last available figures we have, namely 1921, the last report published, the total mortgage indebtedness for Ontario was $201,075,700.76. Then the same cities had recorded against them $56,278,510.13. Leaving a balance as before, termed rural, of $144,797,190.63. That is as between 1919 and 1921 the mortgage indebtedness so-called rural, had risen, from 35 million odd to 144 million odd.

Q. Suppose you took the urban population of those four cities you have mentioned, and then estimated the increase of mortgages per capita and then you took the urban population of all these cities and towns which were left and which are in Ontario besides these four large ones and estimated the increase of mortgage indebtedness in these small cities on the same basis as the four larger ones, would you not account for a great deal of that increase?

Mr. McKAY: And then you would not have the incorporated villages.

The CHAIRMAN: No.

Mr. CALDWELL: The proportionate increase in these four cities was very small in these four years.

By the Chairman:

Q. Not so very small. What was it in the cities?—A. 53 million odd in 1919 and 56 million odd in 1921.

Mr. CALDWELL: That is a very small percentage.

Mr. McKAY: Building operations in Toronto in the last couple of years were marvellous, and a great number of people bought new houses with mortgages on them. That would account for it.

The CHAIRMAN: Still, I will say that if the average increase in all urban Ontario in mortgages was only equal to the urban increase in mortgages in those four large cities, that there would have been a considerable increase in rural mortgages; but after all, these figures, as you very frankly stated, are far from being conclusive.

The WITNESS: Possibly, Mr. Chairman, this might assist. It is set out in connection with the two Torontos that 61 persons took out mortgages under Class 1 for nominal consideration, the amount not specified.

1,972 took out mortgages for $1,000 or under.
2,812 took out mortgages for over $1,000 and not exceeding $2,000.
1,454 took out mortgages for over $2,000 and not exceeding $5,000.
582 took out mortgages for over $5,000.

The total number who took out mortgages was 6,885 persons. That is in one division of Toronto. In East Toronto. Then in West Toronto if you are interested in these figures, Mr. Chairman?

By the Chairman:

Q. Not because I fail to appreciate the care you have devoted to this, but after all these are estimates of a more or less vague character, and I think the time may be more usefully spent in studying some of the other phases that you have presented in your case.—A. I am not interested in stressing that part of the case, Mr. Chairman.

Q. You appreciate our point of view, do you?—A. Certainly.

Mr. HAMMELL: Before you leave that question, you mentioned something about the increased rate of interest.

The CHAIRMAN: From 5 to 5½ and 6 to 6½.

By Mr. Hammell:

Q. Yes, what in your opinion is the cause of that? Is it not largely because a great many of the small moneylenders, who only had a comparatively small amount of money to lend on farm mortgages, invested it in Victory Bonds, and at the present time it is rather harder than it was to get small loans from neighbours, so to speak, on that account?—A. I believe that does account for

some of it, but after all we must not forget the fact that money will pursue its market. And the returns for Victory Bonds are not commensurate today with the 6½ per cent mortgage.

Mr. CALDWELL: But they are non-taxable, all but the last issue.

By the Chairman:

Q. As a matter of fact, in your comparative statement, the amount of money for mortgages in your part of the world has increased very much less than a great number of other investments?—A. Yes.

Mr. CALDWELL: Take also, Mr. Chairman, the interest rates in his section of the country, they are lower than in almost any other section of the country except Quebec.

By the Chairman:

Q. It is an old settled part of the Province. Have you got something more to tell us?—A. No, I think not, Mr. Chairman.

By Mr. Hammell:

Q. I think you should ask Mr. Amos if he has any remedy to suggest that might improve agricultural conditions. Some of the gentlemen who have appeared before us have suggested remedies, but others have not. I think Mr. Amos is qualified to make suggestions.—A. Well, Mr. Chairman, I referred to the vicious circle in which we are.

Q. Between organized labour and the manufacturers?—A. Highly concentrated manufacturing corporations, that have not been willing, to date, to meet the farmer, in the deflation of the products, which they have to sell.

By Mr. McKay:

Q. Is there any other part of the world, amongst the nations engaged in the late war, in which the farmer is differently situated than he is in Canada, as regards deflated prices?—A. Not to my observation.

The CHAIRMAN: We thank you very much indeed, Mr. Amos. The Committee will sit to-morrow morning at ten o'clock for one hour.

The Committee adjourned until Tuesday 17th April, 1923, at 10 o'clock a.m.

HOUSE OF COMMONS,
ROOM 268,
TUESDAY, April 17, 1923.

The Special Committee appointed to inquire into agricultural conditions throughout Canada met at 10 a.m., Mr. McMaster, the Chairman, presiding.

The CHAIRMAN: Before we call Professor Jackman, there is a matter, gentlemen, that I wish to bring before you.

Pursuant to a suggestion made by a member of the Committee, I wrote to the International Harvester Company of Canada, advising them that statements were being made before the Committee as to the comparative prices of farm machinery in Canada and in the United States, and giving them an opportunity of coming before our Committee in order to explain such differences. I have

before me now a letter which I received this morning from the International Harvester Company of Canada, which I would like to read to the Committee. It is dated Hamilton, Ontario, the 16th April, 1923, and addressed to myself:—

"Dear Sir,—Your interesting communication of Friday the 13th, and as Chairman of the Special Committee on Agricultural Conditions, just came to us at noon to-day. May I say on behalf of this company that we are somewhat excited at the proportions of the request contained therein.

"We would be glad indeed to give every service towards the information you ask on behalf of your Committee, but I am sure you must appreciate the enormous research necessary before we will be able to give cost figures covering the distribution of our products to all sections of the Dominion, and furthermore to develop statements showing the production costs of immediate date of our various lines and comparative with costs of similar machines produced in the United States under enormous volume as compared with the smaller production of Canadian agricultural implement works.

"Therefore I am sure that you will thoroughly understand when we say that it will be impossible for us to furnish a witness for either the 17th or 18th of this month, with sufficient capacity or knowledge to discuss intelligently the very important topics which you have outlined as the information to be required.

Yours very truly,
The International Harvester Company of Canada, Ltd.,
By W. R. DUNN."

With your permission, gentlemen, I propose to reply to that letter stating to the company that the appearance of a man before this Committee is quite in their own option; that we thought in fairness to them they should be advised of these statements made, and that we are somewhat surprised that they have not kept their books in such fashion as to have readily accessible their different costs of production, and that if they desire at a later date to appear, we will endeavour to give them an opportunity, but in view of the great amount of work which we have, we would be glad if they would advise us at the earliest possible date that they desire to appear.

Mr. CALDWELL: In view of the fact that we hope to make an interim report to the House on our findings, we cannot hold this indefinitely open.

The CHAIRMAN: Yes, I can add that awaiting their convenience cannot interfere with the progress of the Committee.

Now we have Mr. Jackman of Toronto University with us today.

WILLIAM T. JACKMAN, called and sworn.

By the Chairman:

Q. What position do you occupy in the University of Toronto, Mr. Jackman?—A. Associate Professor of Political Economy.

Q. We have had some correspondence and you were good enough to indicate to me certain subjects set forth in our agenda which appeared to you to be of first importaince, and you were kind enough to say that you would come before our Committee and give us the benefit of your knowledge on these different subjects. I am going to ask you to proceed in this fashion; take up these different subjects in the order you desire, give us your views, and then we will

ask you questions where we would like you to develop further certain of the different lines. It is not necessary for you to stand.—A. I am accustomed to lecture standing, Mr. Chairman, and with your permission I will go on in that way.

The problem presented to us by the present condition of agriculture in this country has so many sides that it would be virtually impossible for one man, in a short period of time to discuss them all, or even to discuss any of them completely; but there are some things that you suggested, sir, that seemed to me to be much more important than others.

Perhaps the issue which I consider to be the most important of all is the relative prices of agricultural products and the products which the farmer has to purchase, which are produced by other agencies.

The CHAIRMAN: Professor, this room, although a very beautiful one, has poor acoustic qualities, and we are finding it a little difficult to hear you.

PROFESSOR JACKMAN: If you will tell me when I am not speaking loudly enough, I shall be glad, Mr. Chairman. The important difficulty which I consider that agriculture labours under is, the low prices which the farmer obtains for his produce when sold, and the high prices which he has to pay for those things which are requisite for his production and consumption. Not only for his consumption, but for his production as well. In other words, not only the high prices which he has to pay for machinery and implements and foodstuffs and such things are those, clothing and other elements that enter into his consumption, but the prices that he as to pay for labour and the difficulty in securing an adequate labour supply at a price which will be within his reach, considered with reference to the prices which he obtains for the products which he sells. To my mind, sir, that is the important problem; to my mind that is the difficulty par excellence which he faces. Some of those conditions which affect the farmer's welfare are conditions over which he has some control; and some of the conditions which he faces are conditions over which he cannot have very much control. So that in reality some of his difficutlies may be selfmade. Some of them may be due to his own attitude towards his enterprise and his own management ability. Others may be due and in fact are due—I concede it—to the conditions of the mechanism in which the farmer is caught. The mechanism by which his products are transmitted to the world; the commercial structure of which he is a part; and the same structural mechanism by which he obtains those commodities which he requires for consumption and production are things beyond his control. If those things which are within the farmer's control were the important things, I think we could leave it to the farmer to adjust them; or at least through their organizations they could adjust them. But if the conditions are those which are beyond his control, and if those conditions beyond his control are dominant elements, then it would be impossible for the farmer to adjust those conditions himself. Now this difficulty of which I have spoken, the matter of the disparity of prices, is a condition which is largely independant of the farmer. He cannot regulate the conditions which determine the prices of the manufactured products, and all those other products which come to him in the form of consumption goods. He is outside the sphere which can regulate the prices of those things, and yet he must pay his tribute the same as the rest of us to those who require those prices to be paid in order that they may carry on.

The difficulty here is that in connection with the farmer's relations, he is an unorganized group of individuals, and he is dealing in most cases with an organized group. So that when he is dealing as an individual with a series of organizations, the individual is no match for the organized effort of those with

whom he is having his dealings. There is no question in my mind but that the system of the individual farmer, dealing with the commercial structure of the present day, is an out-of-date system.

The CHAIRMAN: Repeat that again, please.

Professor JACKMAN: There is no question in my mind but that the present system of the individual farmer dealing with the organized groups with whom he has relations, is an out-of-date system. The day when the farmer as an individual can match up with the commercial structure from whom he makes his purchases, and to whom he makes his sales, is an outworn system. The farmer looking at his own particular interest has been too strongly individualistic; he is inclined to think that his individuality is at stake if he merges his interests with those of others in the same line in order to form a group to handle his products. The system under which he has worked in the past proved satisfactory; the system under which he is working to-day, the system under which the individual is grouped, the organization that handles and deals in his products is out of date, and the sooner the farmer can learn that, the better it will be; the sooner the famer can learn that his interests demand that he shall work in concert with others in the same group as himself, so that they can operate together, so that they can present a united front in buying or selling, so that they can use a collective influence, the sooner will the farmer's conditions be rectified with some degree of permanency. But so long as the conditions prevail under which the farmer works as an individual, and buys and sells as an individual, so long shall we have this present difficulty, and the more the other groups become organized the worse will be the farmer's position, unless he follows suit. Now, in the present state we are accustomed to think that supply, the inter-relation of supply and demand determines the price of the product; there is no question in regard to the operation of that principle. There is the thing which is operating against the farmer's interests. When the farmer is putting his supply on the market in the fall or during any other season, and is putting that product on as an individual, and others are doing the same, they are competing against one another, whereas these organizations with which they have to deal are acting more or less in concert. The buyers of wheat for example are acting more or less in concert, the buyers of live stock know what one another's prices are, and with these conditions prevailing and the individual farmer dealing with organizations of that kind, it simply means that the organized efforts of the group are going to bid one farmer against another, and that the man who is most anxious to sell will be the one who will take the lowest price, or the man who is compelled to sell in order to realize upon his crop or his stock is the man who will be compelled to sell his product at the lower price, and when you get individual farmer bidding against individual farmer in the face of the collective organization with which he has to deal, the tendency will be for prices to go lower and lower.

By the Chairman:

Q. May I interrupt with a question here? I wish you would develop your facts on which you base your contentions that the purchasers from farmers are organized and that competition does not exist among them to the same extent that it exists among the sellers, the farmers?—A. That will be very difficult to do, sir, because we have not the actual records which would be available, but when you get the conditions in the wheat market for instance, or in the live stock market for a particular day, while there is a bidding against one another, the range of price is very small.

Mr. MCKAY: It is pre-determined.

By the Chairman:

Q. Did you hear what Mr. McKay said?—A. I heard it.

Q. Do you agree with that?—A. In a fair measure, it is pre-determined.

Q. Anyway, although you may not have legal proof to bring before the Committee as the basis of your contention, that is what you seriously and honestly believe to be the real fact?—A. Yes, sir. I think there is no question about that. You will notice that I put in the words "I think".

By Mr. McKay:

Q. That is an answer to the whole system?—A. So long as that condition prevails, and the individual farmer is working against serious odds he is going to find himself under the same handicap as he is at the present time. These matters must become more adjusted to modern times and conditions, but even then he will find that he is no match for the organization or group with which he has to deal.

Now, sir, in regard to that question of supply and demand which I was considering a moment ago. If you can get the supply of any agricultural product grouped together into one fund, and then have the organized demand for that product grouped together in one organization, you can then say that when Supply bargains with Demand, and Demand makes its request upon Supply, you will get the inter-action of those two forces operating more on a basis of adjustment of price which will be satisfactory to both; but so long as you have Demand organized and Supply unorganized, Supply will be bidding individually against one another in the face of that joint demand, and there is no person who can say that under these conditions Supply and Demand act justly for the determination of prices.

By the Chairman:

Q. While you have been speaking, an analogous case has been running through my mind, and I will ask you to tell me whether you think it is a just analogy. Before trades unions allowed or rather gave an organization for the worker to have the right to bargain, the individual worker was largely at the mercy of the master, who employed 200 or 300 hands?—A. Yes.

Q. Would you say that that is an analogous situation as between the farmer on the one side and the collective forces on the other?—A. Much the same, Mr. Chairman. Until they become fully organized so as to meet the organizations of the employers, there was no chance for the individual labourer.

By Mr. Robinson:

Q. Taking up the case spoken of by the Chairman, has the fact that labour has organized and that the employers also have organized made the conditions in the labour market easier or better for either the employers or the labourers? —A. They may not be a bit easier, but it serves to adjust the conditions between Demand and Supply more equitably.

Q. Has it brought peace, or strife?—A. I am not going to say that wages should be determined by the supply of labour; if wages were to be determined by the demand for and the supply of labour, you would have better conditions under the present arrangement through which labour is organized and the employers are organized.

By the Chairman:

Q. I got you off on an interesting side line; you may now return to the main field.—A. To my mind, the important thing in the case of agriculture is that there should be a combination of some kind of the agriculturalists on the one

hand, so that they can meet the combination with which they have to deal, or the combinations rather with which they have to deal on the other hand. The farmer as an individual has been thoroughly individualistic, and even during the past few years, when he has had some organizations, he has not always been loyal to those organizations, organizations which were intended for his improvement, organizations which were formed for the express purpose of securing better conditions to agriculture, and in the face of those conditions and in the face of the good work which has been done by those organizations, the farmer himself has not always proven himself to be loyal to them. If some private concern could give him half a cent a pound on binder twine lower than what he could get it for through his own organization, he was willing to buy his binder twine through that other organization.

Q. They did not have a strong enough string on him?—A. No. You cannot get an organization developed without loyalty, and if the farmer in the face of these conditions will leave his own organization when another concern is willing to offer him temporarily a slight advantage, he cannot expect that his conditions are going to be improved by that sort of hit and miss organization.

Now, I am not saying anything against the farmer in saying that; he does what he thinks is right; he acts upon what he thinks is the economic motive, buying in the cheapest market; but when he thinks in that way he ought at the same time to think, not of present conditions but of the future, because when he is doing that, when he is acting in that way, as we might call it somewhat disloyally to his organization, he is making it that much more difficult for his organization to function, and he is really tending towards the breaking up of his organization, because if every person acted in that way, how long would any organization last? If the manufacturers of Caanda, to take a practical case, acted in the same way in regard to the Canadian Manufacturers' Association, how long would that organization last? If the Wholesale Grocers' Association had a membership which was acting in the same way as the farmer acts towards his organization, and they were cutting prices for a temporary advantage, how long would that organization last?

The important thing, as I see it in connection with this question of Supply and Demand is that the farmer should be educated to see that that temporary expediency is not advantageous in the long run, and that his conditions are conditions which ought to be remedied by the long run and not merely by any temporary expedient of that kind. I say, sir, that the farmer's conditions are in some measure within his own control.

Q. Before you pass to another phase of the question, as you are just about to do, may I ask you to address your thoughts to this situation: you state that the farmers are a group of unorganized individuals, face to face in the economic struggle with organized bodies of manufacturers, organized bodies of middlemen and organized bodies of labour, which insist upon certain remuneration for their efforts, and you suggest that the way the farmer can to a certain extent help himself is by organization also?—A. Yes, sir.

Q. There is under the present social conditions a vast body of unorganized individuals, who are neither farmers, labouring men, manufacturers or middlemen; they are what might be called the white collared proletariat, bank clerks, whom I understand receive less than postmen, the clerical staffs of companies and businesses, the small shopkeepers; then there is a vast body of unorganized labour. Have you thought of what might be the effect on these unorganized groups if farmers, labourers, manufacturers and middlemen each had their own separate organization? I cannot help but think that through the policy of economic force if the farmer were firmly organized, if he could act as one group

and then take his product on to the market, acting as one group he would keep the prices down to something more like normal conditions than under the present day condition when there is always the uncertainty of supply and in the face of organized demand the sooner you get the supply organized to deal with the organized demand the sooner will we get the prices which will be more satisfactory to all concerned because if there is on the one side the strong organization meeting a strong organization on the other side and if these two organizations are working against each other you will not get the prices down.

By the Chairman:

Q. Do you like us to question you as you go along?—A. It makes it a great deal more interesting.

By Mr. Robinson:

Q. Wouldn't you have society divided up into a lot of antagonistic groups, one trying to keep prices up and one trying to keep prices down; they would all be antagonistic to each other?—A. Two groups, demand on one side and supply on the other if you like to use the expression, the commercial class to buy the farmer's product, and the farmers on the other hand who sell these products; each of these organized and you have the two groups and you will get demand and supply practically equalized by the prices which are offered.

Q. If the farmers couldn't get their demand would you advise them to hold up their supplies. Suppose the farmers' group could not get what they demanded would you advise them holding up the supplies until their demands were met?—A. I think perhaps you misunderstand the way, in some measure at least, in which prices are made. In the making of prices, suppose we take the case of wheat and we will suppose in the ordinary course of the day's proceedings ten million bushels of wheat were offered for sale, we will say to-day, and the first bid that was made might be for we will say $1.20. At that time the farmer might consider this too low and instead of putting on ten million bushels he would be willing to put on only five million. If there is a demand for te nmillion bushels to-day and only five million bushels were put on the demand would not be satisfied and the price would therefore have to be advanced.

Q. I was thinking of organizing the farmers or having them operating in the same way as the business interests do—as some of the business interests do. For instance, I could imagine the few men withholding from the market. I wasn't thinking so much of throwing the wheat on the market as suppose they saw the prices were going to be very low do you think that they would withhold the supply?—A. It would be very difficult to put that into effect.

By the Chairman:

Q. Profit covers the bountiful harvest?—A. You have so many situations that might arise. It would be impossible for the farmers to restrict operation. If he restricted the supply it would not be many hours before that information would get to Russia, India and Argentina where wheat is produced and they would say the farmers of Canada are going to restrict their supply and this will be the time to increase our sowing and the farmer would be putting himself in the way of losing considerable business.

By Mr. Robinson:

Q. Some of it is international in its scope?—A. In the case of the few manufacturers you must consider that they are sheltered behind a tariff.

By the Chairman:

Q. As a matter of fact, is there not this fact to be taken into consideration that industrial life should be grouped in a comparatively small position, while farmers, it seems to me, must remain more or less of an individualistic enterprise as far as production is concerned?—A. As far as production, that is true; as far as marketing is concerned, that need not necessarily be true.

Q. We will let you go ahead by yourself for a while.—A. It makes no difference, I welcome any question.

By Mr. Sutherland:

Q. You have referred to the conditions in which the farmer is. After you complete the circle and all parties become an organized force, would you not be back at the beginning?—A. You would be inviting competition.

Q. Would the result not be accomplished by meeting some of these combinations and penalizing them in some way so they would not be in the position of taking advantage of a weaker force?—A. Some combinations are advantageous; I do not say all the combinations are of that character.

Q. These would not be a menace?—A. These combinations which are advantageous should be encouraged and these combinations which work for the welfare of agriculture should be fostered and encouraged and only those organizations which prey upon the consumers should be discouraged and if possible eliminated.

By Mr. Sutherland:

Q. Why not eliminate those which are objectionable?—A. Why not get international peace.

By the Chairman:

Q. A lot of us are trying and hoping for that. I think from your reply that would be a very hard thing to accomplish, the elimination of combinations?—A. Yes.

By Mr. Sutherland:

Q. The forces might come possibly as great a menace as the other?—A. Yes, I recognize that. Just as soon as you get organization on the one hand you organize on the other, and you may get a heavy competition on the part of the supply forces and the demand forces. But the international competition that prevails may tend to limit the range of prices to a much narrower limit and to be able to more nearly fix the price in accordance with the forces demand and supply.

By the Chairman:

Q. Your view is that the organization of farmers as far as regards selling would not of necessity raise the prices to the vast body of consumers of the country?—A. No, sir, it would not. Of course, I do not think the farmer is a philanthropist, neither would the farmers' organization be a philanthropic organization. I do not think the farmer is any more inclined to be philanthropic than the business man.

Q. There is a great deal of human nature among all of us?—A. Yes, each is entitled to a profit on his enterprise. Now, in connection with that subject, while the farmer is unorganized and is dealing with organized bodies you cannot get the operation of supply and demand fixing the price on anything in any reasonable way. If there should be one organization of buyers and you have a whole multitude of sellers, one body against the other, in the face of this one

buyer you have a whole multitude of potential supplies and one demand and you cannot get the operation of the law of supply and demand acting consistently reasonable in the face of these conditions. I would encourage by every possible means the effort of farmers' organizations, to line up their men in that organization because in organization or in union there is strength and as you get that organized grouping among the farmers the demand of those who produce their product or sell to them you will get much more reasonable conditions for the determination of these prices.

Q. Would you advise the State forcing individuals into such an organization? —A. No, sir, I certainly would not; I would encourage it by every possible means.

Q. Just how far would you go?—A. The more the State keeps out of private enterprises, the better. There is too much of the demand to-day for Government action in some channels and not enough incentive on the part of producers to solve their own problems. The less Government in business the better so long as you get the conditions where the different members can operate reasonably and that is the only condition.

By the Chairman:

In other words the Government should keep the ring and allow the contestants to have their own way.

By Mr. Bouchard:

Q. Would you think it would be better if the Government put some experts at the disposal of the farmers to help them get organized in the proper way. As far as I know they have been organized very often in the wrong way and that has been the trouble?—A. I would not favour the appointment of a Government agent to get the farmers organized; there is too much of a possibility of politics in that. If the Government appointed an agent and had reasonable success in getting the farmers organized then it might say to the farmers we did this for you what are you going to do for us?

By Mr. Sutherland:

Q. You think it would be well to eliminate politics from the farmers organization?—A. Do not ask me that question.

By Mr. Caldwell:

Q. Would we gather from your observations this morning that the present financial position of the Agricultural Industry is due to the fact that all the forces are organized and the farmers are not?—A. No. Now may I come back to the question of relative prices. In the case of industry the amount of deflation that has taken place is comparatively small, whereas in the case of agricultural products the amount of deflation has been very great. Until we can secure some more equitable adjustment of these conditions, the farmers' buying power will be very small in proportion to the prices that he would pay for the things that he produces. Wages have been kept high since the war. Manufacturers declare that as long as their cost of production is high they cannot afford to sell their products.

By Mr. Hammell:

Q. Was it not organization that kept wages high since the war?—A. Yes, you will see the reason when I come around to that. As long as these prices are kept high I do not blame labour for demanding as much as they can get. I do not blame any of the organized forces of production for getting all they can; that is purely economic motives, but in the face of these high prices the

low cost of production the farmer is at a disadvantage because he is not an organized force and he cannot say through an organized body that he will restrict his products, that he will not sell his products unless he gets a certain price for those products. The manufacturer on the other hand can say through their organization if we do not get the cost of manufacturing, plus a reasonable profit, we will not sell in this market. The farmer cannot do that; he has not an organization which will enable him to do it.

Q. At the present time do you think it is possible to arrive at the cost of production with any degree of accuracy. Conditions vary from time to time, from year to year and day to day and they do not vary in manufacturing. A factory is run day and night perhaps under the same conditions year in and year out, but the farmer's operation is more or less of a gamble with the elements?—A. I certainly think you cannot arrive at the cost of production of any particular commodity for any particular time, but you can determine whether the farmer is making a profit on his operation as a whole and if the prices he obtains are not sufficient to give him a profit and he thinks the prices which he is obtaining for his products are too low then he has no alternative like the other organization.

By Mr. Caldwell:

Q. Do you believe it is possible for him to organize to such an extent that he can ask for what he wants. Suppose he organizes in the Atlantic do you think he could with organization fix the price of wheat?—A. No.

Q. On account of world conditions?—A. Yes, which he cannot control. I think the reason for saying the farmers should be organized is in order that the farmer may be able to bargain under good conditions, so that he can get good prices depending upon the world conditions which would be more in accordance with his cost of operation.

Q. It would better his position?—A. Yes. It would better his condition and you can never fix the prices in the case of these commodities which have an international market.

Q. It would enable him to control the local market?—A. Yes. Now, Mr. Chairman, there has been a good deal of what has been called discontent that has been sweeping across the country and has been contemplated here in your presence. There is a good deal of difficulty in connection with agriculture and any person familiar with it will never hesitate to accept that statement. I am more interested, sir, in the remedies. I have also mentioned one remedy which I consider to be highly desirable; that is that the farmer should be fully organized in order to be able to bargain more satisfactorily. Another remedy which I would like to emphasize before you is the desirability of having some conferences among all the interests concerned with agriculture in order that all interests may see the conditions of agriculture and that agriculture may see the conditions in other enterprises and by having a free exchange of views and a free discussion and canvassing of the entire situation and we may then be able to get to some policy which can be put into effect with all interests concerned.

By the Chairman:

Q. When you say "all interests" you do not mean merely the diverse interests of agriculture, you mean manufacturing, transportation, consumers and so on?—A. Yes, all interests. You cannot think of the welfare of agriculture being promoted, without at the same time promoting the welfare of the consumer. You cannot think of agriculture being promoted, without banking interests being advanced, transportation interests advanced, manufacturing interests, and consumers' interests advanced. You may find those interests temporarily divergent, but in the long run we will have to admit I think that

one interest cannot prosper at the expense of all the others. I should like to urge, sir, the necessity of some such conference as that, where the representatives of the bankers, the representatices of the transportation companies, the representatives of the manufacturers, the representatives of the farmers, and the representatives of the consumer, should get together, and I have confidence enough in the fairmindedness of the majority of men, when they get together, and have had sufficient knowledge of the conditions in the other lines—I have confidence enough in their fairmindedness to say what should be for the welfare of all and to work for that.

Mr. McKAY: That will be Eden restored, without the serpent.

By the Chairman:

Q. You feel the necessity for such a conference being held, although Parliament is sitting?—A. Yes.

Q. Should not Parliament be the agency for the expression of these interests, if not tell us why?—A. I do not like to see politics and business mixed up.

By Mr. Robinson:

Q. What is the difference?—A. Just as soon as you get a conference like that arranged, we will say, by the Government, there is likely to be a condition the same as Mr. Bouchard mentioned a moment ago; that if the Government does anything for this group, the Government is very likely to ask their allegiance when the time comes around for the next election.

Mr. BOUCHARD: I think, Professor, I have not been clear enough in my statement. What I wished to say was this: you want the farmers to be organized; is it not a vicious circle if you want the farmers to be organized and you do not want any authority at all to any Government to give them the chance to be well organized by education given by experts, and when I say experts I mean men such as yourself.

Professor JACKMAN: I think, Mr. Chairman, I should prefer the organization of a conference of that kind under disinterested auspices rather than under Government. I have no objection to Government doing all it can.

By Mr. Bouchard:

Q. Through the Departments of Agriculture and other institutions? That is what I have in mind.—A. Yes, but I would like to see an arrangement reached for a conference of that kind under disinterested auspices, so that it could not be laid to the door of any Government. It would be more free for the expression of opinion without any intervention of politics. They could then get together on a mutually advantageous basis, without reference to politics, and work together.

By Mr. McKay:

Q. Would you do away with politics altogether?—A. As long as humanity is what it is, Dr. McKay, I am afraid we will never get rid of politics.

By the Chairman:

Q. You speak of politics as a necessary evil, but after all it is just the people's business; it may be poorly conducted, but it is the people's business. —A. I was not, Mr. Chairman, wishing to imply that politics was a gross evil. It is necessary for Governmental purposes. The history of Government is a certain proof that political organization has been highly advantageous. I do not disassociate politics in the least from public welfare, but I would like to

see the calling of a conference of that kind under some other organization than Government, so that the influence of politics would be in the background rather than in the foreground.

Q. That is to say that no special party in the State could claim credit or receive discredit for the success or non-success of the gathering?—A. Exactly, sir.

Q. You have mentioned better organization as a remedy, and you have given this conference as a remedy. You must have in your mind some idea of the decisions or of the views you would like this conference to arrive at.—A. That decision of course would have to be reached after faithful canvassing of the situation, not for two or three days, because you cannot see one another's points of view in two or three ways; you would have to have a protracted conference of the interests of that kind, as far as I can see. There are so many different sides to each aspect of this economic problem, unless the city business man has been accustomed to thinking in terms of agriculture, he cannot see the agricultural conditions right away, until he gets to know the actual conditions facing the farmer and knows his practice and knows the difficulties that he encounters and has had a chance of allowing those things to sink in, he cannot reach an adequate view as to the conditions there. And it is the same thing in regard to the agricultural man in his relations to the manufacturer or the commercial interests. It takes him a long time to allow the facts to simmer in his mind after he once gets them, and then to really see them in their right relation.

By Mr. Hammell:

Q. Professor, in a conference of the sort you suggest, there would be questions of financing and so on, who would take the initiative if not the Government?—A. This is the fundamental thing, do we really believe that the interests of agriculture are fundamental to the interests of the rest of the country?

The CHAIRMAN: This Committee does.

The WITNESS: You will forgive me, sir, if I say nothing at all in reference to this Committee at the present time. I know the Committee is very anxious to do the best it can.

Do we really believe, do all the interests, manufacturing, banking and commercial believe that the welfare of agriculture is fundamental to the welfare of these other interests? If we do, there will be no trouble about the financing of a conference of that kind.

By Mr. Hammell:

Q. You would suggest then that each interest name their own particular representative and pay their share of the expenses?—A. Yes.

By Mr. Bouchard:

Q. Who would pay for the farmers?—A. I am certain the farmers would be willing to pay for themselves.

Q. Who will demonstrate to them the necessity for the conference?—A. We have had so many statements concerning this. We have had so many statements from manufacturers, from the bankers, from the transportation interests, from others, that the welfare of agriculture is fundamental to the welfare of these classes. We can scarcely disbelieve those statements, but it is a question of whether we believe them fully enough, whether these interests believe what they say fully enough to act on them; or whether it is a belief in the abstract. If it is a belief which they fully believe, and which they are willing to make concrete, there will be no trouble about a conference.

By the Chairman:

Q. Now, Professor, leaving aside for the moment this conference which you suggest and without expressing any opinion as to its wisdom or practicability, taking our institutions as we have them, what proposition would you make for help to agriculture?—A. For the present time?

Q. Yes, if you will develop that; taking our Governmental institutions such as we have them, our organizations such as they are, what further remedy would you propose?—A. Well, sir, in addition to those which we have already mentioned, I think it would be highly advantageous that the Government of the country should establish some effective agricultural intelligence Department. We have already a commercial Intelligence Department intended to acquaint the commercial classes with the opportunities for selling in foreign countries. We have a service there which does good work for the manufacturing and commercial classes, in notifying them of the outlook and the possibility for development in foreign countries. It gives to them an opportunity of seeing what the openings are in those countries, for their products; it shows the possible competitors in those foreign fields, which the Canadian manufacturer is likely to meet. I should like to see, in connection with the agricultural interests of this country, the establishment of a Department which would give the farmer the knowledge of what the foreign markets were like.

The CHAIRMAN: If you will excuse me at this point, Professor Jackman. There is a meeting of the Conservatives this morning and I do not want to continue this session of the Committee. Some of the members of the Committee are anxious to attend this caucus. I understand there is also a meeting called of the main Agricultural Committee, but the clerk told me that that was going to adjourn.

Mr. STANSELL: I might say, Mr. Chairman, that your information is correct. May I say also that I think the witness we have at present is giving us information that is of real value, and personally, I would not care to miss it if I can avoid it.

The CHAIRMAN: I understand the Professor will be able to stay in Ottawa to-day, and possibly it may be necessary to keep him over to-morrow; probably we may finish in one day.

Mr. STANSELL: I only know as to the Main Agricultural Committee that we had notice to meet at eleven o'clock.

The CHAIRMAN: I understand they will assemble and then adjourn.

Mr. STANSELL: Mr. Chairman, it is perhaps a selfish view to take, to ask the Committee to adjourn to please a few of us who want to attend the caucus.

The CHAIRMAN: No, it happened to other members, Mr. Stansell, who belong to other parties.

Mr. STANSELL: In view of the fact that the Committee is sitting almost constantly, if it meets the views of the remainder of the Committee, I would like personally to attend our own meeting.

The CHAIRMAN: Then we will adjourn until four o'clock.

The Committee adjourned until 4 p.m.

APPENDIX No. 3

Afternoon Session

4 p.m.

The Special Committee appointed to inquire into Agricultural conditions throughout Canada, resumed their session at 4 p.m., the Chairman, Mr. McMaster, presiding.

W. T. JACKMAN, recalled.

By the Chairman:

Q. Professor Jackman, you might continue from where you left off this morning.

By Mr. Clifford:

Q. Might I ask a question first. You stated in your evidence this morning, Professor Jackman, that there had been a marked deflation in the price of agricultural products, and you also stated that there had been no appreciable deflation in the industry. Is that correct?

The CHAIRMAN: I do not remember the Professor saying that, I thought he said, "Deflation in labour."

The WITNESS: I stated it this way, I think; I think I said that there had been no deflation in the matter of labour, and that the amount of deflation in the prices of manufactured products had been comparatively slight as compared with the deflation in the prices of agricultural products.

By Mr. Clifford:

Q. I took it upon myself to look into the *Labour Gazette*, and I find, taking 1890 as 100 per cent, that the woollen textiles in 1920 that sold for 412, decreased in 1923 to 225, and cotton textiles decreased from 379 to 292; flax products decreased from 513 to 224; leather decreased from 315 to 169; iron and steel decreased from 245 to 193; all metals and implements decreased from 236 to 194; all building materials decreased from 357 to 268; furniture decreased from 449 to 231. I also referred to a report in Dun's for the year 1921, which showed that in that year 559 manufacturing firms went into bankruptcy, with liabilities of $33,716,000, and in 1922, 876 manufacturing firms went into bankruptcy with liabilities of $39,000,000, so it seems by these reports—A. In the January number of the Bureau of Labour publication, there is a comparison made between 1914 and 1923, in regard to the index numbers, and the index number for January, 1923, as compared with 1914, shows an increase of 30·6 per cent in grain and fodder; 18 per cent in animals and meats; 52·4 per cent in dairy products; 59 per cent in hides and tallow—that is, a decrease of 59 per cent in hides and tallow.

For the commodities which the farmer has to purchase, the 1923 index as compared with the 1914 index is, for groceries, an increase of 70·1 per cent; for woollens, an increase of 87·9 per cent; for cottons, an increase of 139·1 per cent; for boots and shoes, an increase of 52 per cent; for implements, an increase of 123·5 per cent; for lumber, an increase of 150·9 per cent; for paints, oil, glass, and so on, an increase of 128·7 per cent, and for house furnishings an increase of 146·47 per cent. It would seem, therefore, as though these were very substantial increases.

Q. That is, from 1914?—A. 1914 to 1923.

By the Chairman:

Q. Still, Professor, as a matter of fact, taking the peak of say 1920 or 1919 as the peak of prices for commodities, there has been a very substantial reduction in those prices since that date?—A. In some of those prices there have been substantial reductions, and in some there have been increases; in a few there have been increases.

By Mr. Clifford:

Q. Of course, you must understand that war broke out in 1914?—A. This, of course, was in January, 1914, before the war had had any effect upon prices.

Now, Mr. Chairman, I was speaking of the necessity of an agricultural intelligence service in order to further the interests of the farmers. They are engaged in an enterprise which is extremely risky; other concerns, of course, are in like position, but less in degree. The farmer is exposed to all sorts of commercial changes the same as the commercial or industrial man, but in addition to that he is subject to all the variations of natural and climatic conditions, over which he has no control, and which affect him year after year, so that he is in an enterprise in which he cannot predict anything; in which he cannot tell what the conditions may be for perhaps more than a month in advance. The conditions may change from one week to another in some sections of our country, particularly the west, until the position of the farmer, which was fairly sure we will say in June, may be reduced to entirely different conditions, so he is perfectly sure of a loss as a result of some change in natural conditions. With this, and other influences like that, which affect the farmer, I think it is but a reasonable proposition to say that every effort should be made that would aid agriculture in overcoming as many of these natural handicaps as possible, so as to put the industry upon a fairly reasonable basis of operation. Now, in connection with the operation of the Canadian farmer, meeting the competition of farmers from other countries, it would seem to me desirable that every means should be used to gather information as to the amount of production along different lines in other countries, and the demand for the products in the consuming markets, so as to enable the farmer here, by giving him that information, to know what was likely to be in greatest demand, and what was likely to have a lower demand. If he is left in the dark fastened with an international situation without any knowledge of it then he is working under the greatest handicap that we can conceive, but if the Government through an agency of the Government can provide information to the farmer showing what the conditions are in the other producing markets of the world then he is likely to find a reasonable market for the Canadian Empire, the farmer then can have some measure of guidance as to what kind of production is likely to prove most remunerative, but if there is no information available from a source of that kind and the farmer goes into producing wheat here and the other countries that are his competitors are engaged in the wheat production likewise, then there might be an over production of wheat for the world's demand and the price may be very low as fixed in the international market. If we can arrange such an agricultural intelligence service as would enable the Government to acquire definite information as to production and consumption from the other countries and to show the farmer what was likely to be the outcome in these other countries, the farmer then should be able to regulate his production in some measure with regard to the condition in the other countries and if there is likely to be a shortage of wheat production in the other countries that produce a surplus, the farmer here, knowing that in advance or early in the year would be able to see if other countries are likely to have an excessive production and he would be able to turn to some other thing than wheat and so in that way have the same degree of information that would be a regulative factor for his business.

By the Chairman:

Q. May I invite your attention to this aspect of what you have just said, Professor Jackman, during the deliberations of the Agricultural Committee last year in respect to the proposal for a Wheat Board we had some merchants come before us and I remember one of them stating before the Committee that the wheat business varied so much from day to day and even from hour to hour that he has seen himself bidding a certain price for wheat on the exchange in the morning, to go home at noon to read his paper and find that there had been showers in Australia and come back in the afternoon and sell instead of buy. Now that is not possible on behalf of the farmer and I would like to hear what you have got to say regarding that. Take the wheat farmer, would it hold there? —A. Take for instance the case of wheat and a very large share of the wheat is sold for future trading, the actual disposable surplus on the international market will obtain the price and that may be increased for say two months or three months by sufficient rain in many of the countries of that kind. Our Government is just in as good a position as any other Government to gather the information in regards to that and to make that information available to the farmers, so instead of having them left to the uncertainty of the element, the lack of information on the part of the farmers, it is possible for the Government to collect that information and use it or in other words digest it in such a way that the farmer will see what the conditions are in these other countries. Now, sir, the wheat products of the world come on the market every month of the year except one and when you consider the wheat product is coming upon the market for every month except one there is when you consider the whole year's production the possibility of collecting your information months in advance and suggesting what the conditions will be just the same as the private concerns that are engaged in buying wheat and selling wheat do predict. You may not get it accurate but you will get it in a measure very much more accurate than if the farmer is left without any information whatever. The amount may change, there may be an increase in the amounts produced, say from Australia as the result of a heavy rain, but when you consider the amounts produced in that way from one portion of the country as compared with the total amounts produced the effect is not very great. The increase that is due under these conditions at that one small part of the world's producing area is the very small part of the entire world's production.

Q. Let me carry this a little further. Granting for the sake of argument that it is possible for Government agencies to collect information of this sort, let me put this situation before you: A farmer sows in May so many acres of wheat, the Government reports in April gave him to understand that there would be a good market for wheat and he sowed his fields to a large extent in wheat. In June when the wheat is nine inches or ten inches high above the ground reports come in that it looks as if there is going to be a particularly heavy harvest in Australia, India and the Balkans and probably Russia, how is our farmer going to change his situation?—A. Under these circumstances he cannot change his amount of production when he has his wheat sowed, but when you consider that the wheat is coming on the market and ripening in practically every month of the year that will practically solve the question.

Q. But as I remember from our discussion last year by no means in equal quantities; as I understand wheat is the product of the northern hemisphere and most of the wheat comes on the market in September, October and November?—A. So far as the northern hemisphere is concerned.

Q. And the southern hemisphere this would be from Australia and Argentina and that is not a large proportion of the whole, am I right?—A. Yes, you

are sir. When you consider that you get that amount of wheat that is produced in the nothern hemisphere and that you can fix some time in advance, because a lot of this is fall wheat, and winter wheat, when you get the amount of winter wheat produced and you know what the whole consumption is of the consuming centres then you can fairly well determine what amount of spring wheat should be necessary in order to help out these supplies of winter wheat, and if the farmer in Ontario were going to sow spring wheat and he had this information to guide him in a measure as to how much he would sow he would be in a safer position than if he had no information whatever. The same thing is true if I may carry that a little further in the matter of live stock; live stock is a product which cannot be brought to its maturity in less than two years ordinarily and sometimes three years. Well now we can have definite information as to the amount of stock that will be available two years hence—three years hence. On the basis of that information which is available from the live stock producing areas as to what will mature two years hence and what will mature three years hence we will have some indication. It may be rather slight but we will have some indication of the extent to which that product will be available for the world's market. We would have some aid for the available supplies but we would have nothing as to the effective demand because I presume the effective demand for one's product depends upon the state of prosperity of the different populations. You would be surprised the amount of meat consumed in the world's consuming centre; it has not changed very perceptibly in regard to the change in production.

Q. I thought it was.—A. The amount of meat consumed during the war was not very much different under the higher prices than the amount of meat which was consumed in the pre-war period when the prices were lower.

Q. But Governments were running their countries into debt to get food for the soldiers?—A. Yes.

By Mr. Hammell:

Q. Isn't it a fact that Montreal is only using forty per cent of the meat they were some years ago?—A. I would not like to specify in regards to Montreal.

Mr. HAMMELL: I have seen that statement and thought it was so.

By the Chairman:

Q. Go ahead Professor Jackman; you understand the spirit in which these questions are being put, it is to bring out the facts?—A. I recognize there are many difficulties in connection with the operation of the proposed system but to my mind we cannot leave a problem of that kind without some effort to solve it, when the existence and continuance of agriculture depends upon trying to get away from these fluctuating conditions and uncertain conditions and introduce some other elements of certainty into it.

By Mr. Robinson:

Q. Could you tell us to what extent any other Government has undertaken this work?—A. I think it has not been undertaken at all, Mr. Robinson. It is a view which has come to me with a good deal of impetus for two or three years and comparing the conditions in agriculture with the conditions in commercial life for Canada, all the great countries at least have their commercial intelligence service. They have their agents in the different countries and they give that information as to the changing market conditions and the changing demand for the commercially manufactured goods. I cannot see any reason why there should not be some reasonable attempt made by the Government

to introduce the same or a similar system for the welfare of agriculture particularly when the conditions in agriculture are so much more adverse than in manufacturing.

By Mr. Stansell:

Q. Do you know to what extent manufacturing interests depend upon the Government service commercial intelligence you speak of?—A. Probably in many cases they do not depend very much upon it.

Q. They would depend more upon their own source of information?—A. Yes, they have their own correspondents in different parts of the country and some of the larger concerns have their own agents, their own representative in the other countries and these agents or representatives give them expert information.

Q. Should not organized agriculture follow the same course depending mainly upon their own source of information?—A. If you could get the same organization among the farmers as among the manufacturers, yes, but at the present time from the condition of the organization or the disorganization of agriculture that would be impossible and under the circumstances I think it would be a reasonable activity of the Government to consider the establishment of such a service. Now I do not mean by that, gentlemen, that the conditions should be merely those of gathering information, statistical information and putting out pages of statistical information through the Press or through Government bulletins all over this country—we have had a lot of Government bulletins that find their way into the waste paper basket. What I would like to see would be that information collected digested so as to show in a very short form what were the immediate prospects for the farmer for what he produced. By immediate of course we understand the conditions for that year. It would I conceive be of great assistance, the Government if necessary could broadcast that information at the appropriate time or times and by giving it in that way all the different sections of the country could be made aware of the conditions and guide themselves accordingly. In the same way as for instance the fruit industry in Canada has information given to it through the Commissioners Office during the fruit season, the growing season, as to the amount that is available and as to the probable amount which will be available for marketing during the fall so as to give the fruit man some idea as to the extent of supply and then knowing the nature of the demand and the normal amount of demand they will have some idea as to what prices ought to prevail. I should like to have that information made available in such form that a man would not have to read page after page to find out precisely what the conditions are likely to be, but to give it to him not in enormous chunks but to give it to him in precise form so that he will be able to see in the course of three or four sentences or a paragraph the gist of the Government investigations.

By Mr. Stansell:

Q. Could that service be given by the Government without the political entanglements such as you have spoken of in regard to other Governments activities?—A. If we are convinced that agriculture is basic then there would be no further hesitancy in furthering these means of putting agriculture upon a more secure basis.

Q. That is not the thought that occurred to my mind. Imagine if the Minister of Agriculture had given out information showing that the market for hogs was apparently going to be excellent and the farmers of the riding that he represents had gone in most extensively for hog-raising, believing in the accuracy of the information furnished by the Government and backed by the Minister

of Agriculture and they had made a mistake and the bottom fell out of the hog market entirely, would you think the Minister of Agriculture running in that riding would have an easy time?—A. No, I don't think he would. But if this information is given generally as a whole and it furnishes reasonable guidance that is the best you can expect; you cannot give definite information. You can give perhaps something that will be more reasonable than leaving the farmers to their own advice.

By the Chairman:

Q. Let me cite a personal inference: In the year 1919 or 1920 I was a member of the Agricultural Committee and we had one of the best known experts of Canada come before our Committee and give us one of the most interesting lectures I have ever listened to in my life. He said that by patriotism and common sense upon which we should work that the production would be enormously increased and having gone around my riding and repeating this in the numberless school houses around the riding it just went the other way and it is only the kindness of the people in my riding that prevented them from taking it out of my hide; they did not even mention it, it was very kind of them not to?—A. Yes, I think it was kind.

By Mr. Stansell:

Q. I want to see if you thought there was any danger, not that I disagree. I would like to state so long as the Government furnishes intelligence to any one else they should furnish it to the farmer. They should furnish an equal opportunity and stop there. I knew you objected to political interference and I wondered if there is any danger?—A. I do not like to say too much about politics; I do not want to give any false impression about politics. I would like to say that as far as the Government service along that line may be concerned if you have the best men that you can get for broadcasting these conditions and the best men whom you can get who are experts in interpreting statistical material, if the Government is doing that for the benefit of the farmers I do not think there will be one voice raised if the Government fall down in some particular case.

By Mr. Bouchard:

Q. Could we have the Civil Service Committee to fall back on?—A. I would not like to see you use the Civil Service because it requires men who are highly trained in economics and in statistics and in agricultural production to have a fairly good gift or ability of prophesy.

By Mr. McKay:

Q. And then with all respects, Mr. Jackman, I think it should be drawn from the Scotch Highlanders who are more or less gifted with second sight.—A. They certainly are very canny people, Mr. Chairman.

Q. I can understand, Professor, in broadcasting this information which I presume will be world wide that you could give information which would be more reliable in regard to what we call advance, being short time production?—A. Yes.

Q. Your next great difficulty would be intermediate production, a little longer, now when we come down to the long time production then your arguments would be still more forcible?—A. Yes, I agree exactly with that; there would be different degrees to which it would be available and different degrees to which it might be correct according to these conditions.

Q. The cattle production you gave a very fair protection in regard to that?—A. Yes. Along these lines, Mr. Chairman, as far as I know, no Govern-

ment has yet gone very far and many of them have not yet touched upon it. The United States Government, that is the Department of Agriculture itself, broadcast it for the benefit of the farmers, but no Government so far as I know has been able to take into account a comprehensive scheme of that kind and employ the necessary experts for the interpretation of this material and say what is best for stabilizing agriculture and making it a little bit more certain. I would not like now to put that too far. I do not see any danger in it if it is done by the right kind of agent.

Q. You must always take the view, human nature being what it is, no matter what business you go into, you must take into account that particular feature and there are some instances in which it might be used detrimentally possibly but we would need to consider the certain advantages in that connection and either the possible danger or disadvantages.

Now, if I may leave that point, Mr. Chairman, another thing I think would be highly desirable as a remedy for the existing conditions in Agriculture would come in in connection with what I mentioned this morning, namely, the organization of agriculture upon a more thorough and satisfactory basis, and that is the need for some way of providing for the orderly marketing of agricultural products. Instead of throwing these products, like wheat or live stock on the market in great amounts, it would seem to me desirable that that marketing process should be continued through the year. Consumption is a yearly thing. Production is seasonable. Some agency must be ready to carry that surplus production over the period of the year and to market it gradually as it is wanted. But for the farmer to be able to produce this immense quantity of surplus product and to throw it all on the market at the once means an inevitable reduction in price.

By the Chairman:

Q. Do you think that is true of wheat?—A. I am not considering that from any one standpoint merely. I do not hesitate to say that the wheat marketing agencies are very efficient.

The CHAIRMAN: Efficient?

WITNESS: They are efficient. I do not hesitate to say that they are efficient. Some agency must carry that surplus product from the period of over-production, or rather surplus production, and be ready to market it during the other months of the year when it is required. Just to what extent there might be some economy if the farmers were organized, and were enabled to carry their own product and market it in that orderly fashion month by month, and week by week, over the existing conditions where that is done by the private organization, or private organizations, I would not like to say. I think if I may just say a word, that we ought to have some really thorough-going investigation of that problem before any person would say definitely that that work could be done more economically by a farmers' organization than by the existing commercial agency.

We have done in Canada very little investigation. There has been a lot of statements made and very little investigation on the basis of which to back up those statements. And you will understand when I say that, that while I would like to see the most economical methods prevail, I am not prepared to say that the existing organization for marketing wheat is the most economical, and I am not prepared to say that it is not the most economical. But some method will have to be devised, or should be devised, in order to permit the orderly marketing of these products. If it can be done more satisfactorily by the farmers when they get fully organized, it should be done that way, and provision should

be made for financing them in order to enable them to do it. If they want to make the experiment and see whether they can carry that product from the time of surplus production over the months of the year, provision should be made by which organizations should be financed, to enable them to make the experiment and test the results.

By the Chairman:

Q. Who should find that money in your view, professor?—A. Private enterprise. That is, I think there should be provision made by which the banks could finance that operation and enable, say a co-operative association, to get advances to enable them to try the experiment with a reasonable chance of success by giving them the necessary financial assistance.

By the Chairman:

Q. Which could be done, you believe, without much difficulty on the security of the crop?—A. Yes.

By Mr. MacKay:

Q. By private financial organizations?—A. Yes.

By the Chairman:

Q. You do not belong to that school of political thought that thinks that when any body of people gets in difficulties that they should immediately turn to the Government for an appropriation?—A. No, sir, not at all. This country has been built up on the basis of individual initiative and enterprise. It should not be curtailed. It should be encouraged. We should develop that to the greatest possible extent. It has been the means of great advancement, it is the means by which we can have just as great advancement in the future.

By Mr. MacKay:

Q. These private money concerns would require to be worth an enormous amount of capital to finance the Western crop?—A. They are enabled to do it through the loans and connection they obtain through the bank. I don't see why a farmer's organization, if it can do it more satisfactorily, or even as satisfactorily, as the private agencies, should not have equal facilities provided for them through the banks to enable them to carry on the work.

Q. Ordinary commercial banks?—A. Yes, sir.

By the Chairman:

Q. As a matter of fact, Professor, under the present system of marketing our wheat crops, the banks provide a very large amount of capital required for the moving and storing of the wheat, do they not?—A. Yes; probably between 80 and 90 per cent of the capital is provided by the banks.

Q. And that is provided on the security of the crops being moved?—A. Yes.

Q. And your view is that given honest and efficient administration by a co-operation of farmers, you don't see why the banks should not be willing to lend to them on the crops as to private people?—A. Yes, that is so.

By Mr. MacKay:

Q. Have the banks an unlimited time or a limited time for the disposition of the crops?—A. The marketing of the crops by private agencies goes on regularly week after week, and product is being sold on the market, and the private agencies are, in that way, able to take up their paper week by week just as they make their sales. The banks in that way do not have their funds tied up for

any lengthened period of time; they are able to maintain the liquidity of their capital and I don't see any reason why the same conditions should not prevail under a farmers' organization.

By Mr. Gardiner:

Q. You stated a moment ago that you thought it advisable for the farmers to have their crops sold over the twelve-months' period. In view of that fact, then, would you recommend that the farmer should keep the bulk of it on his farm, and sell it as required, or would you recommend that he would put that wheat into the stores at the first opportunity after it is threshed?—A. I should recommend, there, adequate storage facilities so that the product could be put in storage where it could be safeguarded and the cost of that storage would not be unduly burdensome. In that way you would have the product available for distribution over the other periods of the year. That might involve an increase in the amount of the elevator or warehouse requirements, but if the advantage from that system of orderly marketing could be secured and the producer would get a good share of that marketing, I can see that the expenditure for the additional warehousing facilities would be amply repaid by the increased certainty that would be brought into agricultural production.

Q. Just going back again to that previous question. At the present time I believe that in order to store wheat at the head of the lakes, which we consider our terminals, it costs us three-quarters of a cent a bushel per month. If you are going to carry over any quantity of our crop in order to sell it during the whole twelve months instead of a small portion of the year, we maintain that we can store that wheat on the farm at much less cost than what they can at the head of the lakes, and, consequently, it seems to be quite an economic loss to put up extra warehouse accommodation in order to have that wheat merely at one given point, and under these circumstances it would add to the cost of that wheat rather than reduce the cost of marketing.—A. At the present time the banks have been making loans to farmers who did not have their wheat stored in elevators. They have been making loans to some farmers who had grain stored on their own farms. If the banks find that that system were acceptable, that there would be no danger from that, it might be more economical to have it done, in a measure, in that way rather than have the necessity of increased warehouse space, but if it were found as a result of experience that it were better to have it in the warehouse, experience alone would dictate which were the most satisfactory.

By Mr. Robinson:

Q. Might there not be a danger that some unscrupulous fellows might sell their grain twice?—A. Well, laws are made, but most of the laws that are made can be broken.

By Mr. Elliott:

Q. Do you think that the grain exchanges of Canada, such as Winnipeg and Montreal, are a necessity in the handling of our crops at the present time? —A. I do.

Q. Well now, as you understand it, what is the function performed by these various exchanges?—A. In the present-day organization of the wheat trade, when most of the business is carried on through future trading, there will need to be some organization especially designed to furnish the facilities for future trading in order that prices, supplies, demand in the various other markets of the world may find some central registration point.

Q. Is it not a fact that in the operation of these various grain exchanges that thousands of bushels of grain are bought and sold that never grew?—A. Yes.

Q. Is that a necessity? Is an organization which carries on under this system necessary for the economic handling of our grain crops?—A. If there is as much buying as there is selling, what difference does it make?

Q. Well these men are gambling, then, on the products, or the works of the natural producers of these crops back in the country?—A. They are selling "short." They may be selling wheat which does not exist as a physical entity, that is, they may be selling more wheat than has been produced. They may be selling "short," in the phrase of the market. That need not be what we understand as gambling. If that is the case, if that is gambling, then there are not very many families that are not gamblers. Because you take the ordinary housewife, for instance. A storekeeper comes to her door in the morning, and she order a 20-pound bag of sugar. The storekeeper does not have that in his possession, he does not own it, but he is willing to sell it to her because he knows that he can get it when the time comes. In the same way, in regard to the wheat supply. A man may sell "short" in the market and he may not have the product at all when he does sell "short," as would be the natural condition, but he knows when the time comes for selling that he can get it.

Q. Is it not a fact that these operators on the grain exchange, by concerted action, depress the market until they get in their possession great quantities of grain? That is shown every fall, in fact during the marketing period of the crop that is positively the lowest price received at any time in any period of the year. Immediately this crop gets into the hands of these operators, it gradually increases until we have, even at the present time, a very much higher price than what prevailed back in the provinces during the rush of the grain last fall?—A. That is a natural working out of the ordinary principle of the supply being equivalent to the demand.

Q. Yes, but what I object to is the producer gets no benefit from that. It is these human, I was going to say, leeches—

The CHAIRMAN: Intermediaries.

Mr. ELLIOTT:—in between. In the workings of this grain exchange they are permitted to take a greater profit than the man who grew that grain originally?—A. Mr. Chairman, I would not like to make any statement like that without investigation of the actual conditions. We must, at least, speaking personally, I must have some regard according to the oath I took, to tell the truth, and I don't know that that is the truth. I don't say it is not the truth, but I don't know that it is the truth, and I prefer not to make any statement.

By the Chairman:

Q. In other words you wish to give a Scotch verdict on that question?—A. Yes.

By Mr. Stansell:

Q. In your opinion does the operation of that Exchange, or dealing in futures, work to the advantage or disadvantage of the producer?—A. You must, Mr. Stansell, consider the surplus of advantages over disadvantages. It is the whole economic life and the whole economic world and our relations to it constitute an attempt to get as large a surplus of advantages over disadvantages as we can, and I think that the operation of the Grain Exchange furnishes a surplus of advantages over disadvantages even for the farmer. It would furnish a larger measure of surplus advantage over disadvantage if the farmer were organized so he could sell his products through his own organization and sell it all through his organization.

APPENDIX No. 3

By Mr. Gardiner:

Q. But under those conditions, as you have outlined, you would not require the Grain Exchange at all, then?—A. Yes, sir, you would, because the fact is that the grain is sold from all the different countries of the world, and unless we have the information available as to what the production is and the consumption is in all the other markets, you would not have any knowledge whatever as to what the price should be in the Winnipeg Grain Exchange.

Q. I took it from your remarks earlier in the day that you advocated the farmers organizing, and I took it from that fact that one of the real reasons why they should organize would be to stabilize their industry?—A. Yes.

Q. You went further than that and you stated that because the different factors, that is the producer and the consumer were organized, you would have there a balancing medium on both hands?—A. Yes.

Q. Can you tell this Committee why there should be if we had this organization in effect as you would like to see it in effect—Can you explain to the Committee what need there would be for the Grain Exchange, taking into consideration the fact also that you have advocated before this Committee that the Government should have an intelligence bureau in order to supply the farmers with the world's conditions as to their markets? What need would there be in the face of that proposed organization?—A. The firms that are operating in the buying and selling of this grain, cannot operate purely as a domestic institution without knowledge of what the conditions are in the other countries in the matter of wheat. Unless you have some organization which will collect that information and make it available to the dealers on the Winnipeg Grain Exchange, those who are buying and those who are selling can have no knowledge as to what the price conditions may be elsewhere; and I conceive that it is necessary from that standpoint that there should be an agency like the Winnipeg Grain Exchange, which would enable the dealers there to have reasonable facilities for the determination of prices.

Q. We will take the matter into consideration a little further. I presume that the Winnipeg Grain Exchange collect information. They have various agencies throughout the world from whence they can draw information as to the conditions and the prices that are being paid in these different countries. Supposing we were in a position to affect these farmers organizations, would it not be just as reasonable that if you were to carry that organization to its ultimate conclusion, that the farmers, through their own organization, would be just in the same position as the Winnipeg Grain Exchange. For instance you collect just the same information that the Grain Exchange now collects, and therefore the Grain Exchange would not be necessary.—A. I agree to that, but under the conditions as we have them to-day, I consider the Winnipeg Grain Exchange a necessity.

By Mr. Elliott:

Q. As a matter of fact, does not the United Grain Growers, as they are organized at the present time, fulfil that function, that is in establishing demand and price, or in what way do they establish their—

Mr. GARDINER: They belong to the Grain Exchange.

The WITNESS: They have several seats on the Grain Exchange.

By the Chairman:

Q. Let us get on to the next line of thought that you have to give us, Professor.—A. The next remedial agency towards aiding agriculture to become re-established I mention with a great deal of reserve, when I come to consider

the Customs tariff. If the Customs tariff enables the manufacturing interests to fix a price in some cases, which is just below the foreign price plus the duty here, it would seem as if in those cases the Customs tariff were used as a shelter to obtain higher prices for manufactured products than would otherwise be possible.

By Mr. Caldwell:

Q. What would you say, Professor Jackman, if the Canadian price were just a little above the American price, plus the duty?—A. I do not think it could very well continue for any length of time, because if their product would come in here and be able to undersell the Canadian product, if our Canadian price were a little too high—

Q. In fact it has in some commodities.—A. It may in some cases. It may temporarily, but it cannot do it for any length of time.

By Mr. Clifford:

Q. Do you claim you can manufacture as cheaply in Canada as you can in the States?—A. That is a very difficult question to answer. You cannot tell what the cost of manufacturing may be, until you know the amount of the supply manufactured, and if the price of some of these manufactured articles could be reduced so as to increase the amount of consumption, you would then have the possibility of increasing the supply of production and with the increase of the supply of production the unitary cost of production might be reduced, would be reduced under ordinary conditions so when you are considering the cost of production in the manufacturing end, you must take into consideration the amount of the supply produced, but the amount of that supply would vary according to the price at which that supply was put on the market. Therefore you can scarcely say that there is a cost of production, one cost of production for any particular commodity, except at a particular time. Now, the cost of producing, say, a pair of shoes of the same grade this year, may be different from the cost of producing that same pair of shoes next year if the demand for those shoes should increase in the meantime.

Q. Do you think our manufacturers could live if the duty was removed? —A. It has never been tried.

Q. Do you think the experiment might be worth trying?—A. I do.

By Mr. Stansell:

Q. If I understood your first statement correctly, if a manufactured article here were sold just below the imported article, plus the duty, there would be a certain amount of shelter to the manufacturer. That is agreed, is it?—A. Yes.

Q. Is there any indirect benefit or national advantage to off-set that special privilege?—A. In the short run, I should say yes, there may be; there would be normally. In the long run, I should say no. When industry has been organized on the basis of the protective tariff, and we come to organize that business over a series of years on the basis of that period, if competition comes in and is prevalent in that manufacture, the tendency then is to eliminate anything in the nature of undue profits to the producer, but over the short term period there may be undue profits made by the manufacturer, and therefore there may be for that particular industry for that short period, higher wages paid to labour and higher return upon capital employed. We must consider in the case of the protective tariff, the difference between the short term operation and the longer term operation. It takes time for this thing to work itself out to normal conditions. Our protectionist friends say that this protective tariff

is needed in order to pay the same wages that they are paying now. In reality, if you reduce the amount of imports by means of the protective tariff, you correspondingly reduce the amount of export, for the imports must be paid for by export, and if you reduce the amount of imports by that means, you are not changing permanently the amount of employment and the amount of wages that are paid. You may be changing that, keeping up the high wages for the short term, but over the lengthened term, if you are reducing the amount of export to pay for that import, you are not improving the conditions in the matter of labour.

By the Chairman:

Q. That is to say, you are taking labour out of one channel and forcing it into another?—A. Yes, and in many cases you are taking it out of the natural channel and putting it into the unnatural channel.

By Mr. Stansell:

Q. Dealing with it from that long term standpoint, could a nation work towards that ideal without reciprocal efforts on the part of competing countries? —A. Yes, sir, I think it could. We can pay high wages and at the same time charge comparatively low prices, without the necessity of a protective tariff.

By Hon. Mr. Tolmie:

Q. That is, one nation could gradually reduce its tariff while a neighbouring nation could increase it or keep it stationary and make that reduction with advantage to itself?—A. Yes.

By the Chairman:

Q. Just develop that, please?—A. When it comes to a question of paying high wages, the important thing is the amount produced, the productivity of labour. If labour is productive and makes a high amount of products, you can pay higher wages than if the efficiency of that labour is less, or is lower, and the amount produced is less. You cannot pay high wages unless labour associated with the other enterprises engaged in production, makes a high product; but if labour, associated with capital and land, or natural agencies, is more productive in one country than it is in another country, that first country can pay higher wages than the other country, because there is a greater volume of goods produced and a greater revenue from production.

Now, it depends pretty largely upon the efficiency of labour when associated with capital, the amount of production that is yielded. If that labour is associated with the best forms of capital and the richest natural resources, it will produce a higher product than the same labour employing less efficient capital and less rich natural resources. In this country we have, I think without question, labour which is very efficient; we have just as good capital facilities and forms with just as good machinery for instance as they have in any other country, and we have natural resources which are among the richest. If therefore you have efficient labour combined with efficient forms of capital and rich natural resources, you have the conditions under which you get the largest return from those various forces. It is because these three factors combined yield large returns in Canada that we can afford to pay high wages.

By Hon. Mr. Tolmie:

Q. Let me put my question again in possibly another form; would it be possible for us to undertake a process of gradual elimination of tariff protection at the same time as our chief competitor maintains a stable tariff and keeps the

proper relation of exports to imports and the par value of the dollar at the same time; can we work on that line, and still keep a proper relation of trade?—A. I should like to see it tried.

By the Chairman:

Q. Why would you like to see it tried; what would you ground your hope of success on?—A. The reason, I should say, in that case would be that those three factors of production are much greater, much more effective I should say, in Canada than they are in many another country. I would not say that they are more effective than they are in the United States, because they like us have efficient labour, efficient forms of capital, machinery and so on, and they have even yet rich natural resources. I would not say that their condition would be any different from ours; but when you consider the relative efficiency of labour in this country with the efficiency of labour in some of the other countries, I cannot but think that that higher efficiency in this country would be able to overcome the handicap which the other country would have from the less efficient labour associated with capital and natural resources.

By Mr. Elliott:

Q. Mr. Jackman, do you think the Canadian manufacturer of textiles for instance, who pays his labour well, his efficient labour, can compete with the textile manufacturer of Great Britain, who pays wages approximately one-half of what the Canadian manufacturer pays?—A. Yes, sir. The amount of those money wages—is that what you are thinking of?

Q. Yes.—A. The amount of that money wage that is paid is no measure of the degree of competitive ability of the two nations. If you would compare the conditions, or contrast the conditions (to take a more extreme case) of Canada and British India, the wages of the Indian worker are very much lower than the wages of the Canadian worker, but the organization of the industry in India is upon an entirely different basis from the organization of the industry in Canada. We have a great development of machine production, they have a lower development of machine production, and because labour associated with better forms of capital is far more productive than the poorly paid labour of India, associated with the poorer kinds of capital, we can afford to pay higher wages here, and at the same time compete with the production of India for the same grade of material.

By the Chairman:

Q. I was interested in that, but I would rather you had met Mr. Elliott on his own ground and compared British textile production with Canadian textile production, if you will do that?—A. I was trying to make an extreme case. I would not like to say definitely the relative efficiency of labour and capital in England as compared with labour and capital in Canada. It would be impossible for one to make any statement, unless you had some definite investigation that had been carried out, so that we knew just what was the solid ground. But we do know, when you consider an extreme case such as I have mentioned, that the efficiency of labour and capital in India is very much lower than the efficiency of labour and capital in Canada. I want to be truthful, Mr. Chairman, in regard to anything I may say, and not to go on any suppositions.

Q. Have you considered this effect of the tariff, because if you have I would like you to give us your views. I have feared that the result of the tariff was very often to force into a precocious economic life industries which existed but which gave really a very poor return to those engaged therein, certainly to the capital engaged therein, and I was wondering whether your investigations have

led you to the same conclusion?—A. Some things are kept in operation through the results of a protective tariff; I think that can be established without question.

Q. Would you say, taking the interests of the nation as a whole, that the maintenance of those industries was a benefit or a disadvantage to the State?—A. A disadvantage, because you are turning capital into channels that are less productive than if that capital were employed in other lines which are more productive. If you are working under a handicap in the matter of cost, if our costs of production here for instance were higher than the cost of production in the United States, we could not compete with the United States.

By Mr. Clifford:

Q. Are they not higher?—A. If our costs of production are higher in any particular line than the costs of production in the same line in the United States, we cannot compete.

By Mr. McKay:

Q. In other words, the protective tariff would be an artificial bolster?—A. An artificial bolster.

Q. And would eventually fall down as such?—A. Not necessarily, an industry might be continued under that bolster, and still continue under the same handicap that it has continued under heretofore.

Q. Would the State be the better, in that instance?—A. No. It would be better for the capital to be turned into a more productive form, into the industry or industries in which it can yield a larger return than to be kept in that unnatural channel, in which it cannot pay for itself a reasonable return.

By the Chairman:

Q. Have you noticed another phenomenon in our industrial life, that where certain industries enjoy high protection and continue, are well managed, and are apparently more or less native to our national life, they have made large profits but have capitalized those profits; I would like to know whether you have considered that phenomenon, whether it exists, and how you think it affects the national life?—A. There is scarcely an industry perhaps in which that phenomenon is not manifest. The tendency is when profits are high for the company that is making those high profits, to capitalize those profits. The company does not like to divide out say 80 per cent return on their existing capital if by capitalizing those profits they can make it appear to the public that they are paying only ten to fifteen per cent dividend. There is a public antipathy to a company that is paying very high profits that there is not to a company that is paying relatively low profits; and the tendency is not only from that standpoint, but likewise from the standpoint of making their increasing profit to keep pace with increasing capital.

By the Chairman:

Q. That is not entirely due to consideration for the psychology of the public, is it?—A. No, sir.

Q. There are other reasons?—A. Yes.

Q. You might develop those?—A. The capitalizing profits in that way will increase the amount of the available capital, that is the capital stock of the company; and when you have the amount of profits made to accord with the amount of capital, and the amount of capital made to accord with the amount of profits that the company secures, there is a more normal adjustment between profits and capital. Anything of that kind which tends to a more normal relation between the profits of a company to the capital of the company, would tend towards establishing a stability of the company. Any company which had

a low capitalization and was making very high profits, would be subject to a great deal of speculation; and the speculation in connection with that might be a very decided detriment to the company itself. In order to avoid some of that speculative activity connected with the industry, it is a good feature to have the capitalization keep pace with the profits. There is that side to it as well as the other. I do not think, however, that in all cases, the increased amount of capitalization in that way is necessarily detrimental to the consumer; I do not think that that increased amount of capital necessarily leads to higher prices for the products.

Q. But it rather tends to justify higher prices, does it not?—A. It would tend to justify higher prices. Particularly would that be the case if this were a monopolistic or a partially monopolistic concern. But if concerns are actively competing against one another, and one concern is highly over-capitalized, or capitalized through the capitalization of profits, and another is not, those two concerns will have to compete in the same market and the amount of the capital would not affect the price of the product that was put on the market.

Q. In connection with your study of this phenomena of the companies that have increased their profits, do you find them in the industrial field competing strongly with other companies manufacturing or producing the same thing? —A. You must consider, Mr. Chairman, that there are various degrees of competition.

Q. Will you develop that thought, sir, in your own way?—A. Where you get the organization of an industry for instance, in which there are well recognized limitations to competition, companies that are engaged in an enterprise of that kind, subject to those limitations, are not allowed to freely compete in all respects. Where you have agreements of that kind, they may be called "gentlemen's agreements" or they may be less than that, they may be nothing but good understandings among different concerns, where you get arrangements of that kind by which they work together in any measure, you are to that extent eliminating competition. Now there is a large measure of our industrial life which is subject to those restrictions. I think you could safely say that there are not any of the large organizations of the country that are free to compete. That is, absolutely free to compete. And in many cases those agreements are sufficiently watertight to make competition very difficult. It is not desirable, from their standpoint, that they should compete; and if they can operate together and have better returns upon their enterprise, all economic motives would lead them to organize in that way and restrict competition. You will not expect, sir, that I would elaborate upon that with reference to any particular organization?

Q. No, the general principle is what we want. The members of the Committee will no doubt have in their own mind particular instances to which the general principle applies.

By Mr. Elliott:

Q. Before you leave that; to what extent, in your opinion, would the protective tariff be influential in developing our home markets?—A. The amount of our home market, in some cases, is very small. If by the Customs tariff the consumers are paying more for the products, their buying power is correspondingly reduced. If you want to increase the home market, the natural method would be to reduce the price; but if the Customs tariff is of such a nature as to increase the price, then you are reducing your home market rather than increasing it. You will notice, Mr. Chairman, that I put in that word, "if" there. If the Customs tariff is keeping up the price, and keeping the price of

these products produced in Canada, too high, you are reducing to that extent the purchasing power of the domestic market.

Q. If the Customs tariff does not boost the price, it fails in its object as far as the manufacturer is concerned.—A. Do you want me to answer that question? Perhaps I can give you the answer of the protectionist first, when he says that the influence of the Customs tariff is such as will enable him to get started in the industry, to get well going in the industry, and then after he gets the industry well organized he is enabled to reduce the price of his products to the consumer. That is his answer. That the influence of the Customs tariff while it may be at first to increase the price, will subsequently be to bring the price down when he gets his production advanced to such a point as will enable him to do it.

By Mr. Hammell:

Q. Give us the answer of the other fellow now.

By the Chairman:

Q. What is your own observation of that situation, Professor?—A. If he can reduce the price in that way, what was the need for the Customs tariff in the first place?

Q. That does not strike me as on the same level with your other answers. There may be some hidden meaning that I have not found.—A. You take the case, for instance, of the man who has given you that argument, and he says that after we get production increased to such a point we can then reduce the price. If he is able to do it through increasing the supply that he produces, what would be the matter with leaving him the privilege of charging a higher price in the first place until he got his industry established, and then allow him to reduce the price according as his production costs were reduced.

By Mr. Clifford:

Q. Professor, would you be in favour of eliminating all tariffs?—A. That is too close a question for me to answer.

By Mr. Caldwell:

Q. May I ask this question, Mr. Chairman. I know you have made a very extensive study of this subject; have your studies led you to believe that the Customs tariff does enhance the prices?—A. I am in an institution, Mr. Chairman, which is supported by protectionists and free traders.

By the Chairman:

Q. And you do not feel yourself at liberty to answer that question?—A. I think it would not be the part of wisdom for me to answer that in public.

By Mr. Hammell:

Q. Are you in the same position as another witness we had here, liable to lose your job if you tell the truth?—A. Of course you do not want an answer to that question.

Q. That is the inference we have though.

By Mr. Caldwell:

Q. Well, Mr. Chairman, I do not feel like pressing my question. I do not think we need his answer. I think we know.

By Mr. Gardiner:

Q. There is another point I think the Professor might give us a little light on. He gave us a few moments ago the argument of the protectionist that once

he is properly established he is in a position to reduce his prices. Has it ever come under your observation that once the protectionist is properly established, he has reduced those prices?

The CHAIRMAN: While the tariff remains as it was?

Mr. GARDINER: Yes.

The WITNESS: No, it has not come under my observation. Generally speaking when a tariff is put on it is considered to be something that is there to stay.

Mr. GARDINER: And full opportunity will be taken of it.

By Mr. Caldwell:

Q. Was not the argument in the first place by the protectionist, that the duty was put on to establish an infant industry?—A. Yes.

Q. But unfortunately they never grow up?—A. No.

Q. They never have with us.

By the Chairman:

Q. You have read no doubt, sir, the debates which took place in the House of Commons and in the country when the protectionist principle was adopted by one of the great parties in the State. Will you tell me whether my recollection of the burden of the protectionist's argument at that time is correct as I remember it—not of course from personally hearing the speeches—but as I understand it, the protagonists or advocates of protection in 1876, '77 and '78 all urged it merely as a temporary expedient to establish industries which after a few years would be able to stand on their own feet?—A. That is very true, Mr. Chairman.

By Mr. Stansell:

Q. Do you know of any comparatively new country that has worked itself up undr any other system, which has developped itself as a nation absolutely as free traders?—A. No, I should like to see the experiment tried in case of some industry for instance, which was likely to prove successful in this country and be of great advantage to the country, to give the industry a good fat boost for say ten or fifteen years, if that were necessary to establish it, and then take away that boost—call it the tariff, if you like—and see what the result would be. We would then be able to know whether the infant industry arguments were sound for that particular case; but the tendency has been in the case of the United States where the protective tariff has been operative in a great variety of commodities that when there is any desire on the part of the government of the country to reduce that tariff there is immediately a phalanx of supporters for the tariff, and there is no desire on the part of those who have been benefited by the tariff to allow it to be taken off. In the case of one of those large industries in the United States at a time of a recent revision of the tariff it was stated by one of the important men in the industry that their industry could afford to stand alone, but of course when the tariff was to be kept they wanted a share.

By the Chairman:

Q. I would like you to give the committee your views as to how in the face of the substantial protection enjoyed by the New England manufacturers, the manufacturers were able to start in the middle west and in Chicago and apparently have a successful industrial life in full competition with the long established industries in the New England States?—A. Of course in that case the

development of manufacturing in the Middle West has not been at all commensurate with the development of manufacturing in the east.

Q. In certain lines, taking agricultural machinery?—A. Yes, the agricultural machinery is located pretty well in Moline and in the neighbourhood of Chicago. In that case you have not the industry established in New England to any great extent; but when you consider the New England industries, cotton, boots and shoes, two great stable industries, you get the advantage there from very long establishment in the place, you get the connection established with the outside world by means of cheap shipping. Cotton can be brought there from the south by the vessels on the ocean at a very low transportation charge. The materials can be brought in there from elsewhere by vessel at a low cost; the outward cost of shipping is correspondingly low, and in spite of the disadvantages which that section works under this transportation cost and some other factors which probably would be associated with it, would work to its advantage. In the sum total of advantages the New England States have been able to develop those industries where they have not developed to the same extent in the interior.

Q. There is another question I would like to ask you; in reply to Mr. Stansell, you said you knew of no country which had developed itself along free trade lines?—A. Yes.

Q. You are no doubt familiar with the comparative history of industrial development in New South Wales and Victoria; until the federation of Australia as I recollect, one was free trade and the other was protection; would you give the result of observations of economists as to the relative benefit or otherwise on these contiguous states?—A. I could not say with regard to that; I have no definite information as to the effect in the one case and in the other.

By Mr. Stansell:

Q. I want to ask a question, the answer being outside of Canada you would be perfectly free to give your opinion; had the United States in the condition they found themselves at the close of the Civil War decided to be a free trade country, would they have made the same development in the increase of population and wealth that they have at the present time under protection?—A. In answer to that I would say that the protective tariff doubtless had an influence in bringing those industries to their highest point a little faster than they otherwise would have reached that development, but I cannot but think from the results of study that the development of that country would have been rapid without the protective tariff.

Q. As an agricultural country or manufacturing?—A. Both.

Q. How do you explain this, in spite of the fact that they took the other policy with a high tariff and have developed to their present state of efficiency they still retain that tariff, that they now look with longing eyes to that place as a place of cheap production and low prices? You would naturally think they would have kept prices up under the operation of the tariff?—A. You must remember in that case the two different parts into which their production is divided, the part which they use at home and the part which they export. Their home market is provided with products which are comparable in price to our own, but when they have a surplus production along any line, and the home market cannot take care of that, then they are ready to put it into foreign markets, and in order to put it into foreign markets they have to reduce the price. Now, the home market price is kept high; the export market price is lowered, and you have the phenomenon of the country charging two prices for the very same thing. For instance, in the case of the production of steel rails at the time that the Panama Canal was being constructed and there was a

demand for rails, the government inquired into the conditions as to the price in their own country, and they found the price there was going to be $28 a ton for the rails that were necessary for the Panama Railway, but the United States producers had sent large quantities of steel rails over to Germany in competition with the German manufacturers, and had been reducing the price of steel rails in order to compete with Germany in her own market, and the United States Government was able to bring back those rails that were produced by the United States Steel Corporation and land them in Panama, pay the two freight charges both ways, and whatever handling charges were necessary, at a cost of $17 a ton.

Q. Has that action of the United States, wrong though it may have been, resulted in the accumulation of wealth within their own boundaries?—A. Do you mean by that the Customs Tariff?

Q. Yes?—A. Has it resulted in the increase of wealth?

Q. Yes?—A. Anything which increases production tends to increase the wealth.

By the Chairman:

Q. Would you say their Customs Tariff has increased production in the United States?—A. I would say that it has made the development of their industries more rapid than it otherwise would have been.

Q. It would have to be at the expense of some other industry, would it not? —A. I can scarcely realize that that would be possible.

By Mr. Clifford:

Q. Would not the same thing apply to Canada then?—A. Now, you will forgive me if I say nothing about Canada.

By Mr. Stansell:

Q. As I understood you some time ago you said that individual effort should not be discouraged in any way, it is quite right we should exercise our ambition?—A. Yes.

Q. Whether the wealth is equally distributed or not, does the fact remain that under the policy of the United States, which was one of protection, they have accumulated within their borders an excess of wealth?—A. Yes.

Q. Whether it is fairly distributed or not?—A. Yes.

Q. Is it a fact that population or peoples accumulate where the wealth accumulates, that is where the money goes the people go?

The CHAIRMAN: "Where wealth accumulates and man decays."

WITNESS: If that wealth is used for productive purposes, if that wealth is turned into capital, in other words that there can be an increased use of labour, labour will go there; but if that wealth were used merely for consumption instead of for increasing production it might be the other way. Labour would not necessarily go to the country where that wealth was being used for consumption purposes instead of production purposes.

By Mr. Stansell:

Q. Comparing our situation following the war with that of the United States after the Civil War, having in mind our undeveloped resources, could we as Canadians accumulate more wealth within our border, and a consequent increase of population better by adopting the plan that the United States adopted, or by adopting free trade at the present time—not considering it from the standpoint of any individual or any class, but the accumulation of money and population within our borders; which plan would bring about that desirable result?—A. I should not like to answer that.

Q. This is the information we want, and unless we can get at least a hint we have not accomplished very much?—A. If you want to develop this country it can only be done by furnishing the inducements for labour and capital in this country. You cannot drive labour into a country, you cannot drive capital into a country; you can only secure those factors in production as you increase the inducements that are held out to labour and the inducements that are held out to capital. If capital can get a higher return here than elsewhere and be safe, there is nothing that will keep capital away from here. If labour can get a higher return in the form of wages, I mean real wages, that is the purchasing power of wages, here than elsewhere, labour will come here. It is the inducement which will bring the one or the other.

Q. What particular form of inducement do we offer at the present time? —A. High wages, high interest rates on capital with a reasonable measure of security.

By Mr. Caldwell:

Q. How will that apply to agriculture in Canada to-day?—A. That is one of the handicaps under which agriculture works.

Q. How will that tend to develop agriculture in Canada?—A. That is one of the difficulties in the development of agriculture, that the returns on agriculture are not commensurate with the returns on industry, and therefore capital has no inducement to go into agriculture the same as it has to go into industry. You cannot drive it into agriculture. The only thing you could do is to make the returns on agriculture, if possible, such as will elicit the capital that we want here, and bring it into agriculture. If the banks could get just as good a return upon their capital, and if the other agencies furnishing capital to agriculture could get just as large a return on that capital and be just as secure in the case of agriculture as they are in the case of industry, there would be no trouble at all about getting capital in agriculture.

Q. Supposing present conditions drive both capital and labour out of agricultural production in Canada, how will this affect the manufacturers of Canada?—A. Adversely.

Q. The very great accumulation of wealth in the United States has been spoken of; and would you say that that is attributable more to the fact that the United States was at peace when nearly every other nation in the world was at war for three years, and that the United States during that time was trading their production to the other nations of the world?—A. That is true of the United States during and since the war, but we must consider at the same time that the wealth of the United States was rapidly increasing before the war under normal conditions.

Q. There was this fact though, that previous to the war the United States was a debtor nation?—A. Yes.

Q. Due to the action of the war and the conditions I speak of she has become a creditor nation with nearly every nation of the world?—A. Yes.

Q. Which would prove to my mind that she has accumulated more wealth since 1914 than she had during all the decades before?—A. Yes.

Q. She had absolutely reversed her condition, not due to protective tariff but due to war conditions?—A. Yes; and I am not at all certain that it is going to be for her welfare. I should not hesitate to believe that this country would get back to normal conditions sooner than the United States, unless that gold supply can be handed back to the countries of Europe that now have little purchasing power.

Q. And thereby giving them purchasing power which will enable the United States to keep on trading with these other nations?—A. Yes.

By the Chairman:

Q. What effect did the American tariff have upon the American Merchant Marine?—A. I would say that I do not think the amount of the tariff there had anything to do with the merchant marine.

Q. You are misunderstanding my question; I am not considering the merchant marine of recent days, but as I understand it the American tariff was not a very high tariff till the time of the Civil War and after the Civil War the United States entered upon a period of high tariff?—A. Yes.

Q. What effect did the adoption of the high tariff policy have upon their foreign shipping?—A. Until about the period of 1850 or the 1850's, the United States Merchant Marine was probably second in the world; as a result of changed conditions of a great many different kinds, including the use of iron steamships where the United States held to wooden steamships, and other factors, such as the loss of many of their ships on the ocean, notably the Collins Line in the forties, these and other factors, especially the war in its initial stages, put the United States Merchant Marine in a very subsidiary place, and in the period following the Civil War there a larger return could be obtained on capital through internal development than could be obtained on capital employed in the navigation of ships on the ocean; the amount of return upon that capital devoted to internal development was so high that it attracted a large amount of capital to internal development, and shipping was allowed to pass into the background.

By the Chairman:

Q. Don't you think the tariff had something to do with it, the raising of their tariff?—A. No, sir, I do not.

By Mr. Caldwell:

Q. Is it not a fact that the present high tariff of the United States, that is the recent tariff, has tended to decrease the United States exports very materially on account of it limiting their imports?—A. The chief reason for the decrease in exports is the failure of the buying power in Europe. I think we are inclined to overestimate the influence of the tariff. It has some influence, it has a very potent influence in some respects, and I say that in regard to the comparison of agriculture and manufactures, the relative prices that are charged for the agricultural products having to meet world prices in the world market, and the manufactured products being sheltered behind the protective tariff to-day, but as far as the influence of the protective tariff is concerned upon all the phases of the economic development of the country, I think we are inclined to overexaggerate its influence.

Q. Would you say that the increase in the American tariff had nothing to do with the falling off in imports and exports between the United States and Canada?—A. The tariff?

Q. The increase in the American tariff?—A. I should say it certainly had an influence, a very decided influence.

Q. It was the main factor in it?—A. Yes, sir; we are practically upon the same basis as they; we have got back almost to normal conditions as far as our exchange and our currency is concerned, but this influence of the tariff has been the disturbing factor in the relations of the two countries in the amount of trade between the two countries.

Q. That is we get down to the well established fact that we must pay for goods with goods?—A. Yes.

Q. If we won't buy from other nations neither can we sell to them?—A. No, sir, the sooner that is ingrained in all nations, the better.

The CHAIRMAN: The thanks of this Committee, sir, are tendered to you very sincerely for the great help you have been to us to-day; and we only hope that the time will come in Canada when college professors will be able to speak fearlessly their full mind without the slightest dread of being called to account by any one whatsoever.

Mr. CALDWELL: It is a bad commentary on our political life in Canada when any public official feels reluctant to tell everything he knows.

The Committee adjourned until 10.30 a.m., Wednesday, April 18, 1923.

HOUSE OF COMMONS,
ROOM 268,
WEDNESDAY, April 18, 1923.

The Special Committee appointed to inquire into agricultural conditions throughout Canada met at 10.30 a.m., Mr. McMaster, the chairman, presiding.

CLIFFORD HORTON SLY, called and sworn:

By the Chairman:

Q. Mr. Sly, what is your full name?—A. Clifford Horton Sly.

Q. Where do you live?—A. Winnipeg.

Q. What company are you connected with there?—A. The Merchants Consolidated, Limited.

Q. What kind of business does that company carry on?—A. A wholesale business of general merchandise.

Q. When was the company formed?—A. I think in 1916, or 1917.

Q. What is its capitalization?—A. I am not absolutely certain of that, but I think its capitalization is $250,000.

Q. It was formed in the first place by retail merchants there?—A. Yes, sir.

Q. They formed a company for the purpose of carrying on a wholesale business?—A. Yes.

Q. Do you sell in anything else but wholesale quantities?—A. No, sir.

Q. You sell in wholesale quantities only?—A. Yes, sir.

Q. Is your membership confined to retail merchants at the present time, or can other people buy the stock if they find any of it?—A. No; it is the intention of the company as far as in their power to keep their stock in the hands of the retail merchants.

Q. Evidence has been adduced before this Committee to the effect, or opinions expressed that distribution costs of what the farmer has to buy are comparatively heavy; I would like to have your view as to whether that is correct or not?—A. It was on account of the fact that a number of retail merchants in Western Canada were under the impression that the cost of distributing was too great that the Merchants Consolidated, Limited was formed. We have done our share towards helping to reduce the cost of living to the consuming public of Western Canada; at least we think so. As a result of selling for cash, eliminating the cost of travelling salesmen and standardizing our merchandise, we have eliminated a lot of those costs.

Q. Will you compare your method of getting goods from your own company as wholesalers to the various retailers with whom you deal, with the ordinary methods pursued by wholesale houses?—A. A usual method is to employ a staff of travelling salesmen; the number of course depends upon the class of business being conducted.

Q. And the territory covered?—A. And the territory covered. The grocery trade as a general rule cover their territory once every two weeks, dry goods houses, boot and shoe houses possibly once in six weeks, and we considered that expensive—it is expensive—and further the regular jobbing trade extends very considerable credit.

Q. To what extent would the regular jobbing trade extend credit; do you know the usual terms upon which they sell goods; it differs from trade to trade, I suppose?—A. Yes. Grocery terms are supposed to be thirty days, but that is principally supposition.

Q. Is it a regulation "more honoured in the breach than the observance"?—A. I think so.

Q. Do you know the terms on boots and shoes?—A. I could not tell you; I operate the grocery and hardware departments in the Merchnts Consolidated, Limited.

Q. At any rate, substantial terms are given by ordinary wholesale houses?—A. Yes, sir.

Q. And whatever losses are incurred in that way are in the long run put upon the consumer's back?—A. That is the only place they can go.

Q. The middleman's mentality is that that is the only proper place for it to go?—A. Yes.

Q. Apart from travelling and giving credit, is there any other method of the ordinary wholesale house which you have departed from?—A. We confine our efforts almost entirely to the big standard staple lines that are called for in the country towns, and we endeavour as far as possible to sell before we buy. We eliminate over-stocks, which are a source of considerable expense to the average jobber, and having a large percentage of our goods sold by the time they reach us, all we have to do is to put them through our warehouse and ship them out, which can be done, as you may well imagine, at a minimum of cost.

Q. Do you issue a catalogue?—A. We issue a monthly catalogue, we issue a circular once a week, and special circulars for seasonable bookings in advance, that is, along in February we will start selling fruit jars for the summer trade.

Q. Have you any other means of making your goods known to the trade?—A. We hold two sales conventions a year, and at those sales conventions our various customers come in to our office in Winnipeg, also at Saskatoon, Regina and Calgary, to which points we go, and place their business in the spring for the fall, and in the fall for the spring, also any immediate business from stock.

Q. Mr. Sly, have you by those means been able to reduce the spread ordinarily charged by wholesalers?—A. Very materially, on some lines.

Q. Have you found your efforts meeting with appreciation, or the reverse, by those from whom you buy?—A. Some of the manufacturers are quite prepared to acknowledge us as legitimate wholesale distributors of merchandise, while others take the opposite view.

Q. Would you tell us, as far as you can judge, what constitutes a wholesale house being a legitimate wholesale house?—A. The legislation covering the Sales Tax, when it was imposed by the Dominion Government, gave a definition of a wholesaler—I think I am right in this—as a man, firm or corporation that buys in wholesale quantities for re-sale to retail merchants. I think that is the generally accepted definition of the word "wholesaler."

Q. Do you feel that you come within the four corners of that definition?—A. Absolutely.

Q. Why is your legitimacy questioned, as a wholesale house?—A. Because the various associations, such as the Wholesale Grocers' Association, maintain that we are a buying office for a bunch of retailers.

Q. What is the effect, if any, of their attitude towards you?—A. That we have considerable difficulty in buying certain lines of merchandise which we require and which our customers have a demand for from the consuming public of their districts.

Q. The basis of the complaint of these people against you is that you do not charge enough profit?—A. Yes, sir.

Q. You have mentioned the Grocers. Have you found difficulty in purchasing other lines of merchandise from manufacturers, brokers, or others?—A. Yes, sir.

Q. In what lines?—A. Both hardware and dry goods, also rubber footwear.

Q. Will you please place before the Committee the evidence of what you are saying now?

By Mr. Hammell:

Q. Mr. Sly, has your organization any financial interest in any of your customers?—A. None whatever.

By the Chairman:

Q. Proceed, Mr. Sly.—A. Would you like me to read these, Mr. Chairman?

Q. You had better take them up; we may put in some of them as exhibits. Explain briefly what each one is, then pass the letters on to me and I will consider whether we will put them in or not.—A. I have here a letter from Canadian Cottons, Limited, under date of January 24th, 1923, which is a letter in reply to a letter which we addressed to them on January 19th. I think possibly this is rather interesting, and that you might like me to read it.

Q. State briefly what your previous correspondence related to; were you asking them to sell you goods?—A. We were asking them to sell us goods on the same terms and conditions of sale as apply to the regular wholesale trade throughout Canada.

Q. Was there any question about your ability to pay for the goods they sold to you?—A. No, sir. We have a standing that enables us to pay cash on delivery, or if necessary cash in advance. This is the letter:

EXHIBIT No. 61

"Montreal, 24th January, 1923

Merchants Consolidated Limited,
Winnipeg, Man.

Dear Sirs: Replying to your letter of the 19th instant. We have carefully considered your request to be supplied with our goods direct from the mills but at the present time we cannot see our way clear to offer you our lines. The particular reason is that just now all our goods are withdrawn from sale. Our full production for Spring Season has been all disposed of. Our prices for Fall delivery are not yet definitely settled and until the question of prices has been arranged we cannot operate for future delivery.

Another thing is that when a new account is requested we naturally must make enquiries regarding the calibre and character of the trade that they do. To be candid with you your concern has been criticised

as being a combination of Retail Stores organized to buy to advantage direct from the mills and from the variety of merchandise described on your letterheads we imagine this is pretty well the case and that in the face of it you cannot be looked upon as a legitimate Wholesale Dry Goods House.

Yours very truly,

CANADIAN COTTONS, LIMITED
per J. O'NEILL"

By the Chairman:

Q. Up until this time, sir, have you been able to buy from Canadian Cottons, Limited?—A. No, sir.

Q. You have never been able to buy from them?—A. No, sir, we have never been able to buy from them since.

Q. Or before that time?—A. No; I think I am safe in saying that.

Q. Will you proceed with another case?—A. We wrote them on January 29th, outlining our method of operation, and requested them to reconsider this matter and place us on their list, to which they replied on February 1st as follows:

EXHIBIT No. 62

"Montreal, 1st February, 1923

Merchants Consolidated Limited,
Winnipeg, Man.

Dear Sirs: We are in receipt of your letter of the 29th ultimo and note what you say therein. We have consulted with our Mr. Wilson of Winnipeg and after fully considering your proposition we have not changed our minds and for the present season at least cannot see our way clear to offer any of our goods to you. If later on you feel like opening the matter we prefer that you discuss same with our Winnipeg office, who will present your proposition.

Yours very truly,

CANADIAN COTTONS, LIMITED,
J. O'NEILL."

By the Chairman:

Q. Who is Mr. Wilson?—A. I am not absolutely certain, but I presume he is their Western selling agent.

Q. Have you any more evidence on dry goods to give us; first of all, do the people in the West, your constituency, to whom you sell your goods, use lots of cotton goods?—A. A very great deal.

Q. Is the price at which cotton goods are sold to them a matter of real importance to them?—A. It would materially assist them in reducing their cost of living.

Q. If you could buy as you wished to buy, from the mills direct, could you to any substantial degree reduce the cost of cottons to the people living on the prairies?—A. Of course that depends, Mr. Chairman, upon what the general idea is of "to a substantial extent." We consider a discount of 10 per cent a very substantial reduction, and it is, in the cost of distribution.

Q. Would you be able to give a somewhat lower price on these goods by the time they reached the consumer, if you could continue along the line you wish to continue?—A. I am satisfied we could sell those goods at less money than they are being sold for at the present time.

Q. Would the consumer reap that benefit?—A. Absolutely.

Q. Have you anything more about dry goods?—A. No, sir.

Q. Will you take up the next now?—A. We have been handling for the past five years, the length of time I have been in the employ of this Company, the 2 in 1 shoe polish, which is sold throughout the whole of Canada. The recognized retail price of 2 in 1 shoe polish has been $1.35 per dozen, and for the past two or three years certain free goods were given if quantities were bought.

Q. A sort of premium?—A. A premium, an inducement to a merchant to buy possibly a little more than he would under ordinary circumstances, in order to get the half dozen or dozen free goods.

Q. In other words, they just reduced their prices somewhat for quantities purchased?—A. Yes, sir. We did not observe that method of selling 2 in 1 shoe polish; we figured out the net price at which we could sell these goods, which worked out lower than the quantity with the free goods, our retail price being $1.10 a dozen.

Q. They wanted you to charge $1.35?—A. They wanted us to charge $1.35 and give free goods with quantities.

Q. You felt that you could conduct your business satisfactorily to yourselves at the price of $1.10?—A. Yes.

Q. But you were liable to get into difficulties if you sold at $1.10?—A. If we sold at $1.10.

Q. If you continued to sell at $1.10 when the wholesale manufacturer had fixed the price at $1.35 with some other concessions, you were likely to get into trouble?—A. Yes, sir. These people had a branch office in Winnipeg, with a manager in charge, up until a year or so ago. He was well aware that we were cutting the price of their product. They closed their office, and a man came there from the factory periodically, and he also, to the best of my knowledge and belief, was aware that we were cutting the price. On the 6th of last month I telephoned an order for the recognized jobbing quantity of this polish there to a firm of storage warehouse people in Winnipeg, who carried the stock for the manufacturer, and it is the the practice for those firms whose names had been on the credit list of the manufacturer to be able to phone to that storage warehouse and order over from them the quantity of polish they wanted. The storage people then advised the manufacturer of the quantity that has been delivered, the manufacturer then bills the jobber with what he has received. On phoning this order over to the storage people, I was informed that they had received instructions that our orders were to be sent in future direct to the factory. I wrote that night stating that we were at a loss to understand why they had taken this action—

Q. Who did you write to?—A. To the F. F. Dalley Company of Canada, Limited, Hamilton, Ontario—and asked them if they would advise us by return mail, or better still, by night letter, what their reasons were, and also if they did not wish us to place business with them. Under date of March 13 we received this letter, Exhibit No. 63, which reads, "We beg to acknowledge receipt of your favour of the 6th instant, with reference to the 'phone order to the H. L. Perry Company for goods,—

Q. That is this warehouse concern?—A. Yes—"in which you say that they informed you that they had received instructions from our office not to accept an order from you but to refer you to us. Their contention in the matter is correct, and as our sales manager, Mr. Rogers, is on a two weeks' trip East, your letter will have to wait his further action on his return to the office, which will be about the 28th of the month." This was signed by the General

Manager of the Company. That was on March 13. To-day is the 18th of April and we have not heard from the gentleman since.

Q. And it is quite usual for manufacturers to wish to sell their goods to people who can pay for them?—A. Yes, sir.

Q. Tell me, this F. F. Dalley Company of Canada, Limited, has it anything to do with the one in the States?—A. That is a branch of the American Company.

By Mr. Hammell:

Q. They are the manufacturers of this polish?—A. The manufacturers of Two-in-One Shoe Polish.

By the Chairman:

Q. When you were able to buy from them, what did they charge you per dozen?—A. Now I am afraid I could not tell you offhand. It is a pretty hard thing to carry all these prices.

Q. At any rate, you used to sell them for $1.10 a dozen. What did the consumer pay?—A. Fifteen cents each, or $1.80 a dozen.

Q. That gave a reasonable profit to the retailer?—A. Of course you must remember that the retail merchant has to pay 2¼ sales tax, and his freight on top of that.

Q. At any rate at the $1.10 rate it gave a fair profit to the retailer at 15 cents?—A. Yes.

Q. Would the retailer be able to get any more than 15 cents a box for that blacking, if he had to pay $1.35, such as the manufacturer wished you to charge him?—A. He would sell it at 15 cents, but it is quite possible for our customers to sell it at two for a quarter and make a legitimate profit.

Q. Do you think some of them did?—A. Quite likely, I would think a number of them do.

Q. At any rate, your effort in that connection to cut down prices of distribution resulted in the manufacturer neglecting to fill your order?—A. Yes.

Q. Now, Mr. Sly, take up the next case?—A. This is the Acadia Sugar Refining Company, Limited, of Halifax, Nova Scotia. Prior to about a year and a half, or two years ago, we had been unable to buy sugar from the regular wholesale firms. The manager of our dry goods department was in Montreal in connection with his shoe business. At my request, he went in and saw the manager, or one of the officials of this company, who then maintained an office in Montreal. He gave them a brief resume of the operations of the Merchants Consolidated, Limited, and, after wiring to me for some information, he finally obtained a promise from this official of the sugar company that they would put us on their selling list, but we would have to buy in carload quantities direct from the factory. At that time they maintained a storage stock in Winnipeg, carried in the warehouse of their agents, and we were not to be extended the same privilege as was extended to all other wholesalers in the city, and that was to draw from that storage stock in quantities of fifty bags and upwards. We would have to buy in straight carload quantities of 400 sacks. That was the best deal that we could make, and we consequently took advantage of it, and we did buy a number of cars from them.

Q. Pay for them quite satisfactorily?—A. The drafts were met on maturity. The sugar market then got very weak and it looked as if there were going to be some rather drastic declines, so in view of the fact that we did not have any protection from the manufacturer against loss in the event of a decline, we discontinued buying from them and picked up from a firm in Winnipeg, with whom we did business, what sugar we wanted from the regular Winnipeg

storage stocks, which he was able to draw upon but which we could not. When the market became a little more stabilized, and I figured that we could, with safety buy in carload quantities again, I wrote to the Acadia Sugar Company and asked them "Are we to understand that our name is still on your selling list for the purpose of straight car f.o.b. your Winnipeg storage?— We should appreciate a few lines from you by return mail." That was written on January 26th. On February 14th we had not had any reply to our letter, and I wrote drawing this to their attention and requesting an answer. On February 19th, they wrote regretting delay in answering the letter but stated that it must have been lost during the removal of the office from Montreal to Halifax, and they said, "We are sending copies of your letters to our brokers Messrs. W. H. Escott, of Winnipeg, who will see you and give you all the information necessary."

Q. That was on February 19th?—A. Yes.

By Mr. Caldwell:

Q. The present year?—A. Yes, this year. On March 31st, I addressed another letter to them stating "On February 19th you advised us that your Winnipeg brokers would communicate with us regarding sugar purchases. On March 27th, as we had not heard from them, we wrote drawing to their attention your letter, and requesting them to communicate with us at once on this matter. To date we have heard nothing from them. We are attaching herewith an order for shipment ex-Winnipeg storage and we shall be glad if you will advise us immediately you have sent the necessary instructions to your brokers here."

Q. What date was that?—A. That was March 31st. I attached a contract for a straight carload of sugar made up with the specifications that we wanted. The price was left open to be the list price prevailing on the day on which the order was filled, with the regular jobbing discount of 5 per cent. On the 5th of April we received a letter from them, Your favour of March 31st received, and have referred the matter of sugar purchases to our Winnipeg brokers, Messrs. W. H. Escott, who will immediately advise you regarding the same."

Q. You left Winnipeg what date?—A. I left on the 15th of April, ten days after this letter was written, and that is the last we have heard from the gentlemen.

Q. Evidently they are not anxious to sell you?—A. Apparently not.

By Mr. Gardiner:

Q. Did you communicate direct with the Winnipeg brokers at all?—A. Yes, as I said in this letter of March 27th, as we had not heard from them, we wrote drawing to their attention their letter and requesting them to communicate with us at once on this matter.

Q. What was the date you communicated with the brokers in Winnipeg?—A. On March 27th.

By the Chairman:

Q. Well, Mr. Sly, what could be the reason for the Acadia Sugar Refinery not wishing to sell?—A. I am afraid we are looked upon, to borrow an expression that I have heard quite often, as disturbing factors in business.

Q. But what difference can it make to the Acadia Sugar Company, that sells to you in carload lots, when you are selling, I would say, cheaper, you would be able to re-sell more, and you would be able to buy more from them?—A. You are expressing my views, but not the accepted views of the majority of the wholesale trade of Western Canada.

Q. Well, then, do you think that this attitude of the Acadia Sugar Refinery is imposed upon more or less by the views of their other customers?—A. Yes, sir, I can prove that to you fairly conclusively a little later.

By Mr. Hammell:

Q. Were you able to give the consumer any benefit in the price of sugar while you were dealing with them?—A. Yes, we received 5 per cent and we gave 2 per cent of that. We handled it therefore on a marginal profit of 3 per cent.

By Mr. Robinson:

Q. You had bought from them previously and the time came when they refused?—A. No, the time came when the market started to decline, and it was rather risky for us to purchase straight carloads of 400 sacks of sugar on a falling market, because if sugar was to slide 50 cents a sack, which it did, we stood to lose $200.

By Mr. Caldwell:

Q. During this time you were buying by the carload the other wholesalers, with whom you were competing, were able to draw it in smaller quantities from the storage?—A. Yes, 25 sacks.

Q. They had always been able to?—A. Yes.

Q. And you had not?—A. No. I may say this regulation was changed early this year, and the wholesaler is now forced to draw a straight carload of sugar from the storage stocks in Winnipeg. He can no longer draw 25 or 50 sacks.

Q. Might that be any reason why they are not anxious to sell you carload lots?—A. No.

Q. Because the other dealer would not have any advantage over you in profits?—A. No, because even in the old days the margin of profit was the same on straight carload quantities, or goods stored. They absorbed the cost of carrying sugar in storage in Winnipeg.

By Mr. Gardiner:

Q. There is no question about any financial difficulties so far as you and this firm are concerned?—A. Absolutely none. Their drafts have always been paid.

By the Chairman:

Q. What are the terms on which you bought that sugar, draft attached to bill of lading, or how?—A. If I remember rightly the terms were 21 days on bill of shipment, and the car took 14 days from the time it was shipped to the time it was put on our siding.

Q. Pretty nearly cash?—A. Pretty nearly cash.

By Mr. Hammell:

Q. That 2 per cent represented a very small amount on the sugar. Supposing sugar was 90 cents, it would mean a saving of 18 cents. Is it possible the Company looked on that as too small to be bothered with?—A. Do you mean our customers?

Q. No, the sugar Company?—A. 2 per cent on the consumption of sugar in Canada is a large sum of money in a year.

Q. I see, they were buying in carload lots?—A. Yes. On May 4th, 1922, I made out a contract to the St. Lawrence Starch Company, Limited, Port Credit, Ont., through Tees & Persse, Limited, of Winnipeg, who are the manufacturers' agents or brokers, for the St. Lawrence Starch Company.

By the Chairman:

Q. Let me interject a question. Is cornstarch an article of diet which is used extensively in the western country?—A. Very extensively, and of course the corn-

starch manufacturers also make corn syrup, which is also used in very considerable quantities. This order was just a very small order to conform to the quantity required by the manufacturers. It was for 50 cases, ten cases of starch and 40 cases of syrup. I wrote Tees & Persse saying "We are enclosing herewith contract No. 1385 for syrup and Durham cornstarch. We shall be glad to know how you wish to execute this order, whether you wish to deliver these goods, or whether you wish us to pick same up."

Q. That means pick them up at the Winnipeg warehouse?—A. Yes.

Q. What day was that when you wrote that letter?—A. May 4th of last year. Now, here is quite a long letter which I addressed on May 8th to the St. Lawrence Starch Company, Limited, of Port Credit, Ontario, in which I stated that on Thursday last we mailed a contract for some of your products to your western agents, Messrs. Tees & Persse, and not receiving any acknowledgement, we phoned to Mr. R. G. Persse, and he informed us he had referred this matter to you, claiming that he had not the authority to open up for and on your behalf any new account.

Q. It was a new account?—A. We had never bought from them before. "Not knowing from what source of information you would be given in regard to this company, we purpose giving you here an outline of the company's history, which we think you will find of interest." I then gave them the details.

The CHAIRMAN: Let me look at that letter. It might be worth while to put it in, as it refers briefly to the origin of your company.

Letter handed to the Chairman.

The CHAIRMAN: I will read this to the Committee, and we will put it in as Exhibit 64. I think it is interesting.

EXHIBIT No. 64

Letter was then read as follows:—

"GENTLEMEN,—On Thursday last we mailed a contract for some of your products to your western agents, Messrs. Tees & Persse of this city. Not receiving any acknowledgment, we 'phoned to Mr. R. G. Persse to-day, and he informed us that he had referred this matter to you, claiming that he had not the authority to open up, for and on your behalf, any new accounts. Not knowing what sort of information you would be given in regard to this company, we purpose giving you here an outline of the company's history which we think you will find of interest.

"This company was started a few years ago by some company promoters. The stock was offered and sold to a number of retail merchants in Western Canada, and the arguments used by the stock salesmen were that in view of the competition of the retail mail order houses, the country merchants would be well advised to buy stock in this company, as this company would take orders from the retail merchants, consolidate them in the Winnipeg office, place the order with the factory, bring in the goods, and distribute same at less money than they could buy the same lines through the regular channels.

"The company was operated along these lines under the direction of the promoter for some time, but finally, some three or four years ago, the ordinary common stockholders, at the regular meeting, decided to elect their own directors from the ranks of the common stockholders, which they did. Within a short time after this the original promoters severed their connection with the company and the directors, elected by the shareholders, proceeded to put the business on a proper basis.

"Considerably over a year ago a motion was put before the directors of this company, by the officers, asking for permission to discontinue the policy of selling only to those merchants who were financially interested in this company. After some discussion this motion was finally seconded and carried, and from that date this company has solicited business from any legitimate retail merchants in Western Canada, and we are prepared to sell to any retail merchant on our regular terms. At the present time we are selling goods to approximately one hundred merchants who are not financially interested in this company in any way.

"At the last shareholders' meeting the Vice-President replying to a question asked by a shareholder, stated that it was the intention of the company to pay dividends on stock at the earliest possible moment.

"You will see from this that we buy groceries in wholesale quantities for re-sale to any legitimate retail merchant in this country; therefore, we conform to all rules and regulations, written and unwritten, governing wholesale grocers.

"We are aware that there is a certain amount of opposition to this company emanating from one or two of the other jobbers in this town, but this we believe is due entirely to the fact that these jobbers are not familiar with our present method of operation. This is borne out by the fact that the writer recently called upon the head of two of the largest wholesale grocery houses in this city and explained what we have explained to you in this letter, and both of these gentlemen stated that as far as they were concerned, that they were quite agreeable to us purchasing our supplies through the usual channels, and that we need not look for any opposition from them whatsoever.

"Since these interviews, our name has been added to two of the few remaining manufacturers that have not, up to the present time, recognized us. These two representing two of the largest in the Dominion of Canada.

"We trust this information will assist you in coming to a proper decision in this matter, and we should appreciate very much a few lines from you in reply.

Your very truly,
Merchants Consolidated, Limited."

By the Chairman:

Q. That letter was written on the 8th of May, 1922. When did you get an answer, if at all, to it?—A. I got a letter signed by the President of the St. Lawrence Starch Company, I think he is the President, if not president, he is general manager—

Q. At any rate he is an officer?—A. Yes, "We thank you for your favour of the 8th instant, and for the detail particulars of your change system of marketing. We at this distance are not offhand in shape to give you a definite reply until we have report from our agents, Messrs. Tees & Persse, and will ask you to allow us to defer replying more fully to you until such is to hand. Yours truly, St. Lawrence Starch Co., Limited, A. Hutchison."

By Mr. Caldwell:

Q. What date was that?—A. May 11th, 1922. On May 19th, 1922, I wrote to the St. Lawrence Starch Company, marked it "Attention of Mr. A. Hutchison", and said, "Gentlemen:—We have to acknowledge receipt, with thanks, your

letter of May 11th, and note that you are taking up the matter with your Western Agents. We had a visit this morning from Mr. R. G. Persse and discussed the matter fairly fully with him, and we think that he is fairly well satisfied now that we conformed to all rules and regulations governing wholesale grocers. No doubt you hear, and will continue to hear, about the loyal support given to you by the wholesale grocers of the West. In this connection, we are attaching herewith the front page of a wholesale grocers' monthly catalogue, issued in this city. Is this a sample of the loyal support given to the Canadian Starch & Syrup Manufacturers?" The rest of the letter is along that line and not of much interest.

By the Chairman:

Q. No? Well now, what was the upshot of the matter?—A. On June 10th, I wrote them, "On May 3rd last we mailed an order to your agent here for some of your products. Not hearing from you or them, we wrote you direct on May 8th and received your reply on May 11th, stating that you would be glad if we would allow you to defer replying more fully until you had heard from your agent here. On May 19th we wrote you, but to date we do not appear to have received any reply from you, and on 'phoning to Tees and Persse this morning, Mr. R. C. Persse states that he has not heard anything at all from you on this subject, and that he has written you again yesterday for some information.

"In view of the fact that we conduct, as previously stated, a legitimate jobbing business here, we cannot quite understand the delay in having our name placed upon your list, and we should be glad if you would advise us immediately of your decision in this matter." On June 26th, a little over two weeks later, once again I asked them for some information. On June 30th, they wrote us "Replying to yours of the 26th inst. We have instructed our agents, Messrs. Tees & Persse, in connection with British relationships, in Winnipeg, and we understand that they have already advised you."

Q. And what was the advice you got?—A. The advice was, either personally or telephone conversation and nothing on paper.

Q. And what was it?—A. Sorry they could not sell to us.

Q. What was the reason? Were you selling their goods at a substantially lower price than the other grocers were?—A. We were buying their goods not direct from them, we were forced to buy them a roundabout way, and were forced to pay a small brokerage and commission, but even at that we did sell them, and we are to-day selling them, at less than their recognized retail prices.

Q. Will you just tell what the difference is?—A. I will come to that later. I might mention that their Canadian syrup is not a line which we push or recommend. We have a syrup which is considerably better, which we import from the United States of America, and on which we can quote a very much better price.

Q. Even after you pay the duty?—A. I will give you a statement on that. We are only able to save our customers a matter of ten cents a case on syrup manufacture by these people. The recognized resale price is $4.20 and sell at $4.10. That of course was on account of the fact that we have to pay brokerage in order to get it.

The CHAIRMAN: Do you sell direct or you have to buy through a broker?

By Mr. Caldwell:

Q. And therefore pay a higher price?—A. Yes.

Q. What would the difference in the price be; could you give us any information?—A. I do not mind giving it to you privately; I do not like to

give any information in print. I think you will realize we have troubles enough at the present time but I will be very glad to give any of this information to any member of the Committee.

The CHAIRMAN: I was looking up the tariff and I did not get the question or answer. I understand the witness does not want to give an answer or he will get into trouble.

Mr. GARDINER: They have to buy this particular syrup indirectly through the brokers and cannot get it directly through regular channels and the question was to find out what the difference in the price would be to this particular firm.

By the Chairman:

Q. Have you been buying corn syrup from the States?—A. Yes.

Q. Have you got to give a nom de plume, another name to get it?—A. No.

Q. Do you get it through somebody who really buys it for you?—A. Yes.

Q. Do you still get some corn syrup through Canada?—A. Yes, we have a call for the Canadian corn but not nearly as great for the American product.

Q. The Canadian product you have to get through a round about fashion and have to pay the cost?—A. Yes.

By Mr. Caldwell:

Q. The firms you have spoken of as having difficulty to buy from are all Canadian firms practically?—A. To a very great extent, yes sir, because it has been our experience that speaking generally that the British firms operating in Canada and the larger American companies will not allow themselves to be dictated to by the other wholesale grocers as to what their selling operations should be.

Q. Leading up to my question, do you have some difficulty in buying from the American manufacturers?—A. Not to the same extent as we do the Canadian manufacturers.

Q. Do you buy quite a quantity of goods in the United States?—A. No, I would not say we do.

Q. You buy some?—A. Yes, sir.

Q. On which there is no duty?—A. Yes.

Q. How do the prices compare that you have to pay, the American prices and duty, and the Canadian?—A. Of course we only import those things which we can deal in to advantage. Possible it would be just as well, Mr. Chairman, if I mentioned this syrup now. After our correspondence with the Canadian Syrup Factory was not successful I then got a directory of food product manufacturers and brokers and handlers for the United States and I went through this very carefully and picked out the names of a number of starch and syrup manufacturers. I wrote these people asking them for their prices, terms, conditions of sale and so on of their product put up in a way in which we wanted it in this country and I received quite a few replies and finally decided on one which looked to be the most logical one for us to deal with and I got on the train and went down and saw these people and we went into the question of the quality and consistency of the syrup and the packing and everything else and I finally brought back samples to Winnipeg with me and took it down to the Government Analyst on Main Street North and got him to give me an expression of opinion. I got the bulletin from Ottawa issued by the Government on the Canadian product then being sold in Canada and we tested it ourselves and we came to the conclusion that we had a very much better product.

By the Chairman:

Q. When you say we had, do you mean the products you had obtained in the States was better?—A. Yes, sir, and I then went into the question of cost and figured duty and all the various charges and decided that it was possible for us to bring this syrup into Winnipeg and sell it at a better price than we could get for the Canadian product.

By Mr. Caldwell:

Q. At a cheaper price?—A. Yes.

Q. Sometimes a better price will bring in the most profit?—A. Sometimes a better price and by that I mean where we bought it direct or where we had to pay brokerage for getting it we sold it and lost money. Our net cost landed: and we found the syrup was lower than the net cost landed than Canadian syrup, to any of the jobbers who were privileged to buy direct.

Q. What is the rate of duty?—A. Either 62½ cents per hundred pounds or 72½ cents; 62 ½ cents per hundred pounds ⅝cents per pound.

Q. Wasn't the refusal to manufacture these products the reason that you watched for a chance to buy in the United States?—A. Yes.

Q. Had you been able to buy direct from the Canadian manufacturer you would have done so?—A. It was that fact that drove us to the United States.

Q. I see this is 62½ cents per hundred pounds, that would be ad valorem? —A. Yes, now Mr. Chairman, I have an invoice here but you can appreciate the fact that I have no great desire to have this invoice published.

Q. Just give us the results. I am quite prepared to put this invoice out and explain it to any member of the Committee and explain how we arrive at the landed parcel. I will go on to say that after I decided this syrup would work out to suit us and our customers I bought a carload of it and brought it into Winnipeg and wrote all of our trade and told them about having—I do not think I did tell them—I told them we had brought the syrup from the United States and that the manufacturers had guaranteed to me that it contained 15 per cent of sugar syrup, while the Canadian label on the Canadian products stated the syrup which I had, contained 10 per cent and the Government report showed it as containing 4 per cent.

By Mr. Gardiner:

Q. The Canadian product?—A. Yes.

By Mr. Caldwell:

Q. The label stated 10 per cent?—A. Yes. I might add that the Government analyst in Winnipeg told me that it was possible that ten per cent of sugar syrup might have been added when the sugar was made but it would disappear in some way through some chemical action.

Q. Evaporation?—A. I do not think it would be evaporation.

By the Chairman:

Q. You in fairness to the Canadian manufacturer desire to draw the attention of the Committee to the fact that although it tested 4 per cent it might have contained 10 per cent?—A. Yes.

By Mr. Elliott:

Q. Did the American product stand up to the guaranteed analysis?—A. I haven't had that analysis; the manufacturer guaranteed to me and placed on his label that it contained 15 per cent sugar syrup. To me it is a more palatable syrup and therefore I have been able to sell a great percentage of it.

By Mr. Caldwell:

Q. Your demand would either substantiate or disprove the quality?—A. I received quite a number of letters from our various customers throughout the country and one man said he never heard of anything like King Corn Syrup. Another man sent in an order from Western Saskatchewan and put on the bottom that they are all coming back taking the King Corn Syrup.

Q. He was also carrying Canadian?—A. Yes, bought from his local jobber in Saskatoon. He was able to buy King Corn Syrup through me, and through Dauphin and Saskatoon and receive it in his hands for less money than he was able to buy Canadian syrup, plus freight to the town.

Q. Did you say you are now able to make a profit and sell at a lower price?—A. Yes.

Q. That is your own selling price as compared with the selling price of grocers, wholesale grocers who are handling the Canadian product?—A. I will quote if you wish sir the price that I published in the particular edition of our catalogue and the prices published in the April 2nd edition of the Western Grocers Limited Catalogue, Winnipeg.

Q. There are two catalogues published about the same time?—A. Yes.

Q. Within a month or so?—A. Yes, this is April 2nd and the other April 1st, and there has been no change in the syrup. The price which we quoted on King corn syrup five pound pails, twelve to a case, per case $3.70. The Western Grocer, "Behive or Crown"—these are the two Canadian syrups—five pound pails one dozen to a case, $4.20. There is a difference of 50 cents a case on our price of $3.70.

Q. The discount rate the same?—A. That is the net price.

Q. Now are you prepared to state that you make a fair trading profit or a trading profit satisfactory to yourself on the duty of handling this syrup?—A. Absolutely, sir.

By Mr. Hammell:

Q. Do you make as much on handling this American syrup at $3.70 as you do on Canadian syrup at $4.20?—A. I would say with the brokerage we have to pay we possibly do a little better on the American syrup; I would not say definitely as I did not bring my cost book down here. I think if anything it shows a little better margin, that is the American shows a little better margin than the domestic product.

Q. There is, I understand, both for the corn starch of Canadian manufacture and corn syrup, there is a demand which wishes to have these two products?—A. Yes.

Q. And you have been cut off from the supply direct?—A. We have never been privileged to buy direct.

Q. You will have to buy through another middleman?—A. Yes.

Q. To whom you have to pay a brokerage?—A. Yes.

Q. And you buy in wholesale quantities?—A. Yes.

Q. Through these middlemen?—A. Yes.

Q. Would you be able to reduce your cost to the retailer and would the retailer—this is on the Canadian product—would you be able on the Canadian product to reduce your price to the retailer and give him the opportunity of reducing the price to the consumer if you were able to buy direct from the manufacturer?—A. Yes, absolutely and if the manufacturer would allow us to break his resale price.

Q. Are you likely to have difficulty with this foreign starch company if you were on their list; supposing that if the Canadian, the St. Lawrence Starch Company; suppose they would recognize you as a legitimate man and would

do business and would sell you, would you have to fix a price at which you would have to resell to the retailer?—A. The price is set by the manufacturer for every province in the Dominion.

Q. Does he set the same spread in all the different provinces?—A. No; he endeavours to fix it in such a way that the wholesaler who operated in Winnipeg cannot go to the city of Regina and sell his syrup. In other words if a retail merchant bought Beehive syrup in Regina, if he bought syrup from Winnipeg, and paid the local freight to Regina that syrup would cost him more landed than if he had bought from the local wholesaler.

Q. So that spread insisted on by the manufacturer is to be met by the wholesaler and may vary from point to point in Canada?—A. Would you repeat that sir?

Q. Therefore the spread between the wholesale price and the retail price which the manufacturer insists that the wholesaler shall charge may vary from point to point?—A. Well, you see it is billed to him on a freight paid basis; every manufacturer in Canada buying this particular syrup.

Q. Every wholesaler in Canada?—A. Yes, buying this particular syrup buys it freight paid to his town less the wholesale discount off the list, the list being the price at which he must sell the product to the retail merchant.

Q. Does the man in Regina necessarily get the same discount as the man in Winnipeg?—A. Yes, the discounts, I believe, are the same all over Canada. It is the same for the West.

Q. The manufacturer will pay a higher freight rate?—A. Yes.

Q. To more distant points?—A. Yes.

Q. Does he charge that in the bill?—A. Yes, for instance, the price in Winnipeg is $4.20 for fives, five-pound pails. I believe the price in Saskatoon is $4.75, and in addition the further West you go the higher it gets.

By Mr. Grimmer:

Q. I would like to ask if the prices you quote are on single-case lots?—A. Yes.

Q. Do you give any discount on five cases or more?—A. On the American syrup?

Q. Yes.—A. No, that is the price for one case or over.

Q. Do the Canadian jobbers give any discount on five cases or over?—A. Not on syrup.

Q. Never have?—A. Not to my knowledge.

By the Chairman:

Q. In your views, Mr. Sly, does this method of doing business by the manufacturer tend to increase the cost of distribution; what would happen if people were allowed freedom to sell and to distribute as it appeared best for them to do?—A. The question of a resale price, Mr. Chairman, opens up a very big subject, and there are so many different viewpoints in connection with it that it is a very hard thing to say definitely whether it is a good thing or a bad thing for Canada. In regard to syrup I would say that if the manufacturer would quote a net price, f.o.b. factory and ship his syrup in cars to his agents either east or west and charging the wholesaler his proportion of that carload, freight on the quantity which he bought and then allow him to set his own price, competition would take care that nobody extorted an unreasonable margin of profit.

Q. Do you think that the prices fixed by the manufacturers for the sale to the ultimate consumer are in some cases too high?—A. Yes, on syrup I understand the margin of profit is 12½ per cent; we do not need 12½ per cent.

By Mr. Caldwell:

Q. To the wholesaler?—A. Yes, he buys at $4.20 for five-pound pails, less 12 per cent, plus 2½ per cent as sale tax and less 2½ per cent special discount.

Q. I do not think you quite grasped my question. I understand the manufacturers even go so far as to set the prices the ultimate consumer has to pay?—A. In some cases; I don't think it is observed very much, from what I gather.

Q. Before we leave this, Mr. Chairman, I would like to ask a question; does he state what price the wholesaler must charge the retailer?—A. The wholesaler who handles these Canadian syrups in exclusive territory where there is another wholesaler handling the same product, the wholesalers are practically given the exclusive right in the particular territory. It practically means that I cannot or the company cannot ship if we buy syrup direct, into the Regina territory or the Saskatoon territory. The manufacturer takes care of that particular point in fixing the resale price in the various shipping centres.

Q. Wholesalers in one territory cannot compete with wholesalers in another part?—A. No.

By Mr. Grimmer:

Q. That is done to a certain extent with guaranteed accounts; where it is going to one person to handle in any one territory they guarantee the accounts to the manufacturer?—A. Not in this way, sir; this particular syrup is sold to every wholesaler. You are speaking possibly where a manufacturer gives the exclusive agency in one district.

By Mr. Caldwell:

Q. That would be more of a brokerage business?—A. He would be more of a manufacturer's agent.

By the Chairman:

Q. What we are talking about is a purely merchandizing proposition where the goods are paid for by the wholesaler and he sells them as his own goods?—A. Yes.

Q. Let us pass, leaving this sweet subject and go to another?—A. I thought possibly this information might be of interest in connection with the syrup we are buying from the south. The raw product coming into Canada for manufacturing purposes to the two corn syrup and corn starch manufacturers here is allowed in free of duty.

By Mr. Hammell:

Q. We import all that raw material?—A. I understand the corn syrup is all imported.

By the Chairman:

Q. A little might be made around Kent and Essex?—A. Imported from the United States of America. In the classification of the raw material it is considerably lower than the classification on the finished product.

By Mr. Caldwell:

Q. A cheaper class of freight?—A. Yes. Where as in getting this syrup from the United States of America we have this 62½ per cent duty to pay and 25 per cent Government tax on the estimated cost of the containers to pay and have an extra 1½ per cent sales tax to pay or a total of 3¾ per cent sales tax to pay on the cost of the article plus the duty. The exchange to pay, if any, and at the present time it is two and three-eighths, or it was when I left home and

a surcharge on the freight on the finished product from the States to Winnipeg. In spite of all these facts we can sell what we are getting more reasonably for 50 cents a case less money.

Q. How about the container for the Canadian product?—A. I assume that is made in Canada; there are two or three plants of the Canadian Canning Company in Canada and they bring the plate from the United States or Great Britain.

Mr. CALDWELL: Does the tin plate call for duty?

The CHAIRMAN: I see tin in blocks, or bars and tinfoil free. I suppose that that is the raw material for manufacturing tin cans.

By Mr. Caldwell:

Q. So you have to pay duty on the container as well as the contents?—A. Yes, and a sales tax of 3¾ per cent.

Q. Both container and contents?—A. On the cost of the article and duty on the article and duty on the container.

By the Chairman:

Q. You are going to take up what now?—A. Salt. Last year we purchased the majority of our salt on a direct basis from the manufacturer, charged to us direct, from the Goderich Salt Company of Goderich, Ontario. The business had always been to the best of my knowledge satisfactory and no question was ever raised as to payments. Early this year the wholesale grocers association of Winnipeg held a meeting in the Royal Alexander Hotel to which they requested all local manufacturers and manufacturers' agents to attend. This was held on the 6th day of February at 2 o'clock in the afternoon.

By Mr. Caldwell:

Q. Of the present year?—A. Yes.

By the Chairman:

Q. It was Tuesday afternoon, wasn't it?—A. Tuesday, February 6.

Mr. ELLIOTT: Rather a fateful day.

By the Chairman:

Q. Go ahead Mr. Sly?—A. At that meeting and in stating this I am of course stating something—

Q. You were not invited to this meeting, you heard about it?—A. Yes.

Q. You will give us the names of people who were there so if we have any doubt about the accuracy of what you are relating we will get someone who was present to refute what you are going to say?—A. I will give you a list of the members who were there but I would not like to tell you specifically who it was that gave me the information; you can easily verify the statement. The letter sent out in regard to this meeting was mailed to all the various manufacturers' agents and manufacturers in Winnipeg and this was sent by A. E. Burns of 303 Montreal Trust Building, Winnipeg and he signs himself Secretary of the Wholesale Grocers Association. The letter reads:

"To Manufacturers' Representatives: Dear Sirs: The Western Wholesale Grocers are holding a Convention at the Royal Alexander Hotel next Monday and Tuesday, February 5 and 6, 1923. Tuesday afternoon has been set aside for discussions between agents and manufacturers' representatives. This is an opportunity for you to meet your customers and discuss matters which will be of particular benefit to all. Should any of your principals be in the city they will be welcomed. The Convention will commence at 2 p.m. Yours very

truly" and it is from the Wholesale Grocers' Association and signed by A. E. Burns, Secretary. Now the resume given to me of the commencement of the meeting was that the President of this particular Association, a gentleman by the name of Mr. Marrin rose to his feet and addressing these manufacturers and manufacturers' representatives said "all those men here selling to mechants, salt, stand up." I understand that there were either four or five gentlemen with sufficient pluck to stand up.

By the Chairman:

Q. Do you think there were really more than that in the meeting who had been selling to you?—A. That is another question that I would rather not answer. I understand that there was a discussion then as to the question of the Merchant's Consolidated Limited being considered legitimate buyers. The head of one brokerage company, I am told, asked the question, "Mr. President, will you kindly tell us why we should not sell to these people?"

By Mr. Caldwell:

Q. Meaning your company?—A. Meaning my company, sir. His reply was, "Why should you?" and that was the only explanation, I understand, that he was successful in getting. The net result of this meeting, however, was that this Prairie Provinces Wholesale Grocers Association got out a list headed, "Winnipeg February 12th," and at the bottom it reads, "List of legitimate buyers." As you can well imagine, Merchants Consolidated Limited is not among the chosen few on this list. This list was sent to all manufacturers' agents in Winnipeg, and while the name of the Prairie Provinces Wholesale Grocers Association does not appear on this in any way, and it does not look like an agreement in any way, the manufacturer's agent was, I am given to understand, given verbal instructions as to how he was to treat this list. He was to sign this list and return it to the secretary of the association, and if he signed it the secretary then issued him a card—I am sorry I have not a copy of that card—but this card entitled him to call upon these chosen few on this sheet, and he was not allowed to sell to anybody whose name did not appear on that list. As a result of this concerted action, on the part of the wholesale grocers of Winnipeg, we have had a little more trouble than we had for some months previous. They have succeeded in intimidating a lot of these various manufacturers' agents.

By Mr. Caldwell:

Q. From which you formerly bought?—A. From which we formerly bought. I mention that in connection with this salt transaction.

By the Chairman:

Q. I do not want you to answer this question if it would embarrass you, but could you give us the names of some of the concerns from whom you bought before, and from whom you have difficulty in obtaining goods at the present time.—A. Yes, sir, I was just going to mention that right now. I said a minute ago we had bought salt last year from the Goderich Salt Company, of Goderich, Ontario. After this meeting of the Wholesale Grocers, I telephoned to the agent, a man by the name of Thompson, who is agent for the Goderich Salt Company, and told him I wanted to see him. He came down to see me, and I asked him, "What about the salt business for the opening of navigation this year?" He was a little doubtful, he did not think he could take any business from us. I asked him why, and he did not know, but he did not think it was possible.

By Mr. Caldwell:

Q. His reasons were not for publication?—A. No, he of course naturally wished to be loyal, as far as he possibly could, I presume, to this association, and I asked him if he had signed the list. He professed ignorance of the list; I kept on with him, but he did not want to commit himself in any way, shape or form, so I pulled a copy of the list out of the top drawer of my desk and showed it to him, and thought it might refresh his memory, and the result was that he told me there was no possible way in which he could sell us. He admitted that last year we were his biggest customer, that we bought more salt from the Goderich Salt Company than any other concern in western Canada, that the account was perfectly satisfactory—we had never returned a draft, every draft had been accepted and paid at maturity, but that the action of the other wholesale grocers would not permit him to accept business from us. Now, I might say that when I went with this company, the salt in carload lots was sold at a net list f.o.b. factory, which is at the bottom of the Lakes, the list price being set by the various salt refiners of Canada, with a jobbing discount of 10 per cent, and when we sold a carload of salt to one of our customers, we simply sent the order contract down to the salt refiner, instructing him to load a carload of salt to the following specifications and ship to some particular merchant. The list had always been very low, in view of the fact that we did not have to handle these goods in any way, that it was purely a bookkeeping item, and I considered that 10 per cent as allowed was considerably more than we required to handle this business. I therefore gave a discount of 5 per cent—

By the Chairman:

Q. And handled it on a margin of 5 per cent?—A. On a margin of 5 per cent.

Q. And as you were selling all for cash, that was a business proposition?—A. It was a good proposition.

By Mr. Caldwell:

Q. And you gave your customer the advantage of the other 5 per cent?—A. The other 5 per cent, and he was enabled to reduce his selling price on salt to the consuming public in his district. Our business on salt grew as a result of this discount which we gave, and I increased it to 6 per cent, and at a sales convention in February of this year we advertised the fact that we would give 7½ per cent on salt, and we would then be handling it on a margin of 2½ per cent.

By the Chairman:

Q. Excuse me; in order to enable you to cut figures as close as that, had you to take it into the warehouse, and take it out again?—A. All that we did in connection with this transaction was to accept the invoice of the manufacturer, check it, make out an invoice to our customer, accept the draft of the manufacturer and pay it, and see that our customer paid us. Now, it is not an expensive proposition, and can be done, I maintain, on a small margin of profit.

Q. Provided you are reselling for cash?—A. Yes.

Q. If you had adopted terms, you never could have run it on that margin?—A. No, sir.

By Mr. Caldwell:

Q. Is there anything to prevent the other wholesalers from doing the very same thing?—A. No, sir.

Q. It is a commodity that can be handled in that way very readily?—A. The majority of the retail merchants throughout Western Canada find that it

is to their advantage to buy salt in carload lots, because they can get the advantage of the low freight rate from the bottom of the Lakes to their town.

Q. Then it is a general practice?—A. Yes, a general practice. Well, after this man Thompson finally left me, and I saw I was not going to get anything from him, I addressed a letter on March 2 to the Goderich Salt Company, and I had a few orders—.

By the Chairman:

Q. Let me look at that letter, it might be worth while to put it in. You addressed a letter to them on the 2nd of March attaching an order for a carload of salt?—A. Three or four carloads.

By Mr. Caldwell:

Q. Is that March 2nd of the present year?—A. Yes, this year. I say:—

"Will you kindly write us immediately on receipt of this, and advise us when you can ship the car for ourselves here."

That was a car for shipment to our own warehouse in Winnipeg for re-sale in small lots. That was on the 2nd of March. Not receiving any acknowledgment at all from these gentlemen of the order, I wired on March 20 to know what they were doing about this carload of salt for us at Winnipeg. That was eighteen days later, and I was anxious to know whether we were going to get the salt or not. They wired back:

"Unable to advise until our general manager returns from the South. We expect next week."

By the Chairman:

Q. Was this an extraordinarily large order, or one which would be filled in the ordinary course of business?—A. It is the usual practice for jobbers during the latter part of the winter to go out and solicit orders for carloads of salt from their retail customers, and then they are sent into the buyer, and he usually places three or four or five cars at a time. That was on March 20 I received the wire from them. On April 3, which you will see is two weeks later, I wrote:

"Kindly refer to your wire to us of March twenty. I am at a loss to understand your rather extraordinary attitude in regard to our business. We presume that your general manager has returned by this time, and we shall appreciate by return mail, an exact explanation of your position."

That was on April 3. I left Winnipeg on the 15th, and we had not heard anything from them.

Q. They did not answer?—A. No, sir.

Q. Excuse me, did that neglect to supply salt occur after this meeting?—A. Yes, sir, as a direct result of this meeting.

By Mr. Caldwell:

Q. That is, you believe it was a direct result of this meeting?—A. The agent finally admitted to me that the reason he could not take any business from me was because of the attitude adopted by the other wholesalers. I asked him if they had guaranteed him any business so that he would not suffer any loss in the way of remuneration from commissions through the loss of our business, and he said, yes, they had practically told him he was a good boy and that they would give him a little business, and I asked him what he had got to date, and he had sold one car.

Q. How many would you have bought?—A. Well, they had ordered from me before; I have some on my desk at home now.

Q. His reason was not that they had no salt to sell?—A. No. I think last season our sales of salt were somewhere in the neighbourhood of fifty cars, and I know brokers are very keen to get an order for fifty cars of salt from any one buyer in a year.

By the Chairman:

Q. What was your turnover last year, in business, before I forget it?—A. About three-quarters of a million.

Q. So that you are doing business in rather a substantial way?—A. Yes, sir. The Company is absolutely sound in wind and limb.

By Mr. Caldwell:

Q. And finances?—A. Yes, sir, and finances.

By the Chairman:

Q. Is your Company regarded with a kindly eye by the banks?—A. The President of the Company, who is Mr. W. C. Painter, of Tantallon, who may be known to some of you gentlemen, and who is also interested in the Saskatchewan Co-operative Creameries, went along with me to see the Manager of the Bank of Montreal.

Q. Do you bank with the Bank of Montreal?—A. Yes, sir, we bank with the Bank of Montreal. That gentleman expressed very great surprise when we told him that it was possible for us to do business for cash, and I do not think I am—

Q. Overcome your natural modesty, Mr. Sly.—A. I do not think I am committing any crime when I tell you that he sent out his Assistant to ascertain how the drafts on our customers that year had been treated. We had 72 per cent paid absolutely or in view. I do not mean by that, where a man buys every three or four days, or a case where we might have say $2.60 on our books, but where we had actually paid, accepted and paid on maturity our drafts to the extent of 72 per cent. He considered it very satisfactory indeed, and I think it was pretty well a record.

Q. Possibly if your business was less effectively managed you would have less trouble with your competitors?—A. Well, we are always going to go broke within three months. I have been with the Company for over five years, and our opposition have had us closed up, effectively closed up and disposed of always within three months.

By Mr. Elliott:

Q. You sell in a retail way to the storekeepers of the Western Provinces—A. We sell in a wholesale way to the retail trade.

Q. Do you find any difficulty in getting pay for your goods from those men?—A. Very very little, very seldom, because, as I explained some time ago our terms are cash or practically cash. We draw a draft on our customer at ten days.

By Mr. Robinson:

Q. Have your sales in Alberta and Saskatchewan dropped to absolutely nothing recently—A. No, sir.

By the Chairman:

Q. How do you find business now?—A. Our business is on the increase. The increase we have had this year, month after month, has been very satisfactory to us indeed. When I tell you that two weeks ago we had to work every man in our warehouse practically every night until ten o'clock, and that on two days the two men in our office had to go into the basement and get out orders, it will give you an idea of the buying power of the Western farmers.

Q. Would you mind giving us an idea of the size of your business?—A. We have about 250 or 300 customers. We estimate to-day that from 35 to 40 per cent of our business is done with men not finacially interested in our business.

By Mr. Hammell:

Q. What would you say as to the amount the retail merchants in the Province of Saskatchewan are carrying now in outstanding debts?—A. In regard to that question, it is pretty hard to get any definite figures. I did see a letter which was sent to me a short time ago, which may be of interest to you gentlemen, if I can put my hands on it. It was sent to me a short time ago by a firm of multigraph people, who make these circular letters, and they claimed that according to the law of averages the retail merchants of Manitoba, Saskatchewan and Alberta, have in outstanding accounts $110,000,000 that will never be collected.

Q. That is, Manitoba and Saskatchewan?—A. Manitoba, Saskatchewan and Alberta. Where those gentlemen got all their information, I do not know.

By the Chairman:

Q. You would not like to pledge either your belief or disbelief in that statement?—A. I would not like to pass an opinion upon it.

By Mr. Elliott:

Q. That is not substantiated by your business; you find them fairly good pay?—A. We find that merchants prior to 1920 were able to buy practically their entire requirements of the lines they sold from us. Unfortunately to-day they are not in that position, but we are adopting the slogan "Sell for cash", and we are beginning to see that that argument bears fruit, and our trade is coming back every day. Our trade last year, the same as with most wholesalers throughout the West, did suffer as compared with the sales which were made during the high point in the war, but of course the difference in the cost of merchandise will account for a lot of that.

By the Chairman:

Q. Did your bulk sales go down?—A. Our tonnage?

Q. Yes?—A. No, sir; I think it shows an increase.

Q. Is that not the real basis of comparison?—A. Yes, sir.

Q. Do not let us interrupt you too much; get on with some more cases where this meeting resulted in a disinclination to sell. Before you start that, have you any objection to saying what houses were represented at that meeting, that Tuesday afternoon meeting at the Royal Alexander, so as to get it on the record?—A. I will be glad to give you a copy of this list; I presume all these gentlemen were there.

Q. You presume they were there?—A. I presume they were there. I can pick a number that I was told were there, and I think you are safe in assuming that all these people had representatives there. Take for instance the Western Grocers, shown there under Edmonton, Lethbridge, Brandon and other points in the West, they may have had more than one man there; I know they had one man there.

Q. From the list you have there, give us a dozen names of people whom you feel morally sure were there, although you did not see them?—A. The Codville Company, Limited.

Q. Is that a fish company?—A. No, sir. The Codville Company, Campbell Brothers & Wilson, Limited.

Q What line are they in?—A. These are all wholesale grocers. Jobin, Marrin Company, Limited, the Western Grocers, Limited; the G. McLean Company.

By Mr. Caldwell:

Q. Are you giving the addresses of these firms?—A. These are all Winnipeg firms.

The CHAIRMAN: I propose that when the evidence of this witness is printed we send a copy to Mr. Burns, the gentleman who convened that meeting, and if that gentleman finds that anything has been stated that is unfair he will be given an opportunity or we will give him an opportunity in the letter we send him, to take the other side.

Mr. CALDWELL: I think that is only fair.

By the Chairman:

Q. Tell us some more you feel morally certain were there.—A. I have heard those names mentioned definitely as having been there. I would not like to go beyond that list, although I understand there were quite a large number there.

By Mr. Elliott:

Q. At any rate, all these parties whose names you have were parties to the agreement?—A. All parties to the agreement. Some years ago, when I first joined the Merchants Consolidated, Limited,—

By the Chairman:

Q. What are you going to take up now?—A. I was going to say a few words in reference to the Prairie Provinces Wholesale Grocers, Limited.

By Mr. Gardiner:

Q. Before we leave this question, you have given a statement with regard to the amount of money owing in the West to retail merchants that will never be collected?—A. Yes.

Q. Did you ever get the report of the Retail Merchants meeting in Regina recently?—A. No, sir.

Q. You did not see that report at all?—A. No, sir.

Q. Wherein it was stated that the Retail Merchants of Saskatchewan had outstanding debts of over $100,000,000?—A. No, sir.

By Mr. Milne:

Q. Would the representatives of the Retail Merchants' Association be represented at that meeting?—A. This Wholesale Grocers' meeting?

Q. Yes?—A. No, sir.

By Mr. Caldwell:

Q. That is another cog in the machine—the Retail Merchants' Association? —A. Yes. Some four or five years ago the late Secretary of the Merchants Consolidated, Limited, and I called on the Secretary of the Prairie Provinces Wholesale Grocers' Association—Mr. Burns—and stated that we would like to be given the opportunity of joining the Wholesale Grocers' Association, in view of the fact that a large number of manufacturers and manufacturers' agents told us that if we joined this Association we would automatically go on all lists, and we would not have any more trouble in buying.

By the Chairman:

Q. Will you explain what these lists are: I did not know anything about them until I was told the other morning? Perhaps some of the gentlemen are not familiar with the system which manufacturers and others have of rating their customers?—A. I think that was fairly well illustrated by the letters I have read in regard to the St. Lawrence Starch Company, the Sugar Refineries, and so on.

By Mr. Caldwell:

Q. Are they on the list of the Winnipeg meeting too?—A. Their names are included among the names of those gentlemen who are included in this list issued by the Prairie Provinces Wholesale Grocers' Association. In that list are the men in Winnipeg and Western Canada whose names are included in the selling lists of the various manufacturers in Canada.

By the Chairman:

Q. That is to say, the manufacturers of Canada consider other things than the mere volume of purchases?—A. Yes, that is one of the things that we have complained of. We claim that the price in Canada should be settled from the standpoint of volume, instead of the standpoint of classification.

By the Chairman:

Q. If I want to go and buy a carload of sugar for myself, or a carload of salt, supposing I was a great rancher that wanted to salt thousands of cattle, and I wanted to buy salt in carload lots, you see no reason why I should not go to a wholesale firm and get a wholesale price by ordering wholesale quantities? —A. Well, that is carrying it through to the consuming public, but the generally accepted idea in Great Britain is that volume, instead of classification, rules there, but they all insist that the man who buys must be engaged in business. Whether they would consider a large rancher a business man, from the standpoint of the purchase of his supplies, I would not like to say.

Q. Do I understand that the ordinary British system is this, that so long as a man is in the business of merchandising the price at which he can buy from the manufacturer will be established on the quantity of his order?—A. Yes, sir, at least it was with the firm I worked with over there.

Q. What was it?—A. The New Swiss Condensed Milk Company. We had a price for it in 5, 10, 20, 25, and 50 cases, and so on up, to 10,000 cases, and if a wholesaler wanted 5 cases, he paid the 5-case price; if he could buy 25 cases, he bought at less money than the wholesaler who bought 5 cases. At the time we called on the Secretary we stated that we would like to become members of the Prairie Provinces Wholesale Grocers' Association, but we wanted to know what we had to do in order to qualify. And he said, well, he did not think he could admit us.

Q. He did not discuss with you what oath you would have to take, or what formula would have to be gone through for membership?—A. Not before he replied. I asked him then why we did not qualify? He said, because we were not wholesale grocers. "Well," I said, "why don't you consider us wholesale grocers?" He said, "Because you don't carry a full sorting stock of groceries." I said, "Well, if we do carry a full sorting stock of groceries, and anybody that does, are they eligible?" He said, "Generally speaking, yes," "Well then," I said, "the reason we have not got a full sorting stock of groceries is because you will not allow us to buy a full sorting stock from the manufacturers. But we will go ahead and we will put in this full sorting stock. We will get it somehow. Will you accept our membership then?" He said, "No." I said, "Why?" He said, "Just because—." So we had to be satisfied.

By Mr. Caldwell:

Q. I would like to ask a question or two. Would you go so far as to say that due to the fact that the Canadian manufacturer is able to force his goods through various devious channels whereby all the different brokers and retailers are able to collect a toll, this enhances the price?—A. Well, that is a subject that has been given a very great deal of study by the large manufacturers. I was told, not by an official of the Company, that the Imperial Tobacco Company of Canada gave that a great deal of thought and study some two, three, or four years ago. At the present time they market their product through the regular wholesale grocery channels. They, in turn, sell to the retailers, and the retailers to the consumers. They, I believe, thought that it may be possible for them to market their product direct to the retailer, passing up the wholesale grocer. It was some years since I heard that mentioned. The fact that to-day they still continue to sell through the wholesale channel is possibly proof that they found that the most economical. In order to sell direct to the retail trade they would possibly have to employ a very large force of salesmen calling on people, and in order to get what they might consider their share of the business which is to be had in Canada.

Q. But, in your own case, your evidence would indicate to us that the method of a Canadian manufacturer in forcing their goods through the regular channels has prevented you from selling as cheap as you might otherwise do to the trade?—A. Yes.

By the Chairman:

Q. When Mr. Caldwell says the manufacturer forces his goods through this channel, might it not be true, part of the time at least, that the forcing was done not so much by the manufacturer but by the wholesaler, who insisted that the manufacturer should get his goods to the public through the regular channels, and that the manufacturer was almost forced to use the present means of distribution, even if he wished to eliminate some of the middle men? Would you not say that?—A. To some extent, yes, I think so.

Q. Let me put it this way. Is not the wholesaler as potent a force as the manufacturer himself in maintaining the present system of distribution?—A. Yes. Here is something that possibly might be of interest to you in connection with that. The reason given by all these various wholesalers and some manufacturers that the Merchants' Consolidated, Limited, cannot be classed as jobbers is because we are a bunch of retailers banded together to buy from the manufacturer and sell at less price. Here is an extract from the "Canadian Grocer," I think it is, or the "Western Grocer," I have not the date, of about two months ago. It is headed, "Jobbers Buy Together to Meet Prices of Competing Chain." It reads:

> "A number of Saskatchewan wholesale grocers have formed a buying organization, the purpose of which is to be able to buy in larger quantities at better prices. The organization has been divided into sections, each of which forms a separate purchasing association within the organization. For instance, two or three men are selected to purchase only canned fish. Jams will be bought by another set of men, and so on.
>
> "Several reasons are given for the establishing of such a buying organization. Among them are that the wholesale grocers of Saskatchewan may be able to save money by buying in larger quantities; that they may be able to sell goods cheaper to the retail trade who will then be in a better position to compete with mail order houses,

Still another reason stated is to be able to compete with an existing chain of wholesale grocers throughout Western Canada."

So you see it is quite possible for wholesalers to get together and form a buying association, and it is quite legitimate, but it is not legitimate, apparently, in their estimation, for retailers to get together and have the same privilege.

Q. Even when those retailers, in their company, extend the privileges of their organization to people who are not shareholders?—A. Yes. Possibly there was a case very similar to this of ours tried before the Federal Trade Commission in the United States of America some three or four years ago, called the Los Angeles Wholesale Grocery Company versus Other Jobbers in the section. The Los Angeles Wholesale Grocery Company was constituted very similar to our company, and they suffered to some extent from the same class of boycott, intimidation, and discrimination which we suffer from. And they appealed to this Federal Trade Commission of the United States, which handled such matters, and after a little investigation the Commission decided that these people had a legitimate grievance and complaint, and a sitting of the Commission was held in the City of Los Angeles. The testimony of these people was taken and all the various jobbers and manufacturers' agents, manufacturers and brokers, were given the opportunity to attend and state their defence. After listening to a very great deal of evidence, I believe taking up five or seven days, the Commission finally handed out its judgment. Part of the judgment was to the effect that the individual occupations of any of the stockholders of any corporate company did not affect in any way the status of the Company. And I understand that that has never been appealed against in the United States.

The CHAIRMAN: Well, gentlemen, it is twenty minutes to one; we have been sitting for two hours, and I don't think we can finish in twenty minutes with this witness. I think we might adjourn until this afternoon, and then we can meet tomorrow, but I don't think we have any more witnesses than this gentleman to-day. What shall we do?

Some Hon. MEMBERS: Adjourn.

By Mr. Caldwell:

Q. How long will it take you to complete, Mr. Sly?—A. I could talk for hours on this subject.

Q. We don't want to curtail you. It is very interesting and profitable.

The Committee adjourned until 4 o'clock p.m.

Afternoon Session

4 p.m.

The Special Committee appointed to inquire into Agricultural conditions throughout Canada, resumed at 4 p.m., Mr. McMaster, the Chairman, presiding

C. H. SLY recalled.

The CHAIRMAN: Mr. Sly, will you continue; you were taking up the various instances where, after this meeting which was held in the Royal Alexandria Hotel in Winnipeg, you found more difficulty even than you had experienced before in getting your orders filled.

The WITNESS: Yes, sir. I mentioned the fact, Mr. Chairman, that some four or five years ago I had called on the secretary of the Wholesale Grocery Guild in Winnipeg asking that our name be included on their membership, and I gave you his reply. On June 2nd, 1922, I addressed a letter to this gentleman which reads:

> "We herewith make application for membership in the Prairie Provinces Wholesale Grocers Association. Our cheque for $100 is herewith attached, this we believe to be the regular membership fee.
>
> We are as you know, conducting a wholesale grocery business in this city, buying in wholesale quantities, for resale to any legitimate retail merchant. We carry a full sorting stock of groceries in our warehouse here and can, at all times, fill opening orders as well as all general sorting business."

Opening orders there refers to a new man starting in business, and we can outfit him completely.

> "We solicit our business almost entirely by mail, principally by monthly catalogues and weekly circulars and our prices, terms and conditions of sale are the same to every legitimate retail merchant, our mailing list consisting of every retailer of good financial standing in our distributing area.
>
> All net profits are returnable to the stockholders in the regular way as dividends on their shares in the company.
>
> We confirm in every particular to the generally accepted definition of a wholesale grocer.
>
> We shall be pleased to receive notification immediately of our membership."

That was on June 2nd. On June 9th, we had not heard from the gentleman, and I wrote, "Kindly extend to us the courtesy of an immediate reply to our letter of June 2nd."

By Mr. Hammell:

Q. That is 1922?—A. Yes. On June 24th they replied as follows:

> "I beg to acknowledge your letter of the 2nd inst., in which you make application for Membership in the Prairie Provinces Wholesale Grocers' Association, and also cheque attached, which I am returning as there has not been a meeting of the Association since receiving your letter, nor do I know when there will be a meeting held.
>
> Your application will be considered at the first meeting."

On June 26th I wrote:

> "We have for acknowledgment your letter of June 24th, together with our cheque dated June 2nd., 1922, for $100, same was attached to our letter to you of June 2nd, in which we applied for membership in the Prairie Provinces Wholesale Grocers' Association.
>
> You state that your reasons for returning our cheque is on account of the fact that a meeting has not been held since you received our application nor do you know when such a meeting will be held.
>
> We understand that routine matters of this kind are handled by the Secretary over the telephone with the Executive Committee, the members of which are all in Winnipeg, or a special meeting is called to ratify the application. We are therefore returning herewith our cheque and we will ask you to be good enough to dispose of this matter in one of the above-mentioned ways as soon as possible.

In the event of it not being possible to handle this matter in this way, kindly hold our cheque until such times as a regular meeting is called so that the application can be disposed of properly."

On the 30th, he replied—.

By the Chairman:

Q. What date was that last letter?—A. On June 26.

Q. On the 30th, he replied. Is the whole letter important?—A. I rather think so.

"I again return your cheque for $100, dated June 2nd as I do not wish to assume the responsibility of anyone's cheque laying around this office indefinitely, as I told you in previous letters, your application will receive due consideration at the first meeting.

You have been mis-informed as to the methods of considering applications."

I had that information on fairly good authority, as to how they handled them. We let the matter rest then until November 1 of last year. I wrote them then, on the 1st of November, as follows—.

By the Chairman:

Q. Let me interject this question; do you know how often their association meets, or how often the executive of their association meets?—A. No, it is rather hard to say, sir; I do not know just exactly.

Q. Is it once a month, or once every two months?—A. No, I think it is just when they have any business they particularly want to discuss. I rehearsed our previous correspondence with him, and finished up by saying:

"We are given to understand that a meeting of the Association will be held on Thursday of this week and we therefore request that our application be placed before this meeting.

We attach herewith our cheque dated June 2nd for $100."

That was the same cheque, and he replied to that letter on November 2, as follows:

"We return herewith your cheque for $100, and kindly tell your informant that he has another guess coming, as this office is not aware of any meeting of Wholesale Grocers in the near future.

As I have before stated, if your application is favourably received, you will be notified."

Now, I heard indirectly that two days later a meeting of the association was held in Winnipeg.

By the Chairman:

Q. Who signed these letters?—A. A. E. Burns.

By Mr. Munro:

Q. It was the executive which was supposed to pass on this application?—A. Yes, I presume that is the usual course of procedure.

Q. What was the number forming that executive, approximately?—A. I think it is five.

Q. Only five?—A. Yes, and they are all residents of the City of Winnipeg. Their annual meeting was held, as I outlined this morning, on the 5th and 6th of February, when the yearly election of officers took place. We have received no notification that our membership was placed before the meeting in any way.

APPENDIX No. 3

By the Chairman:

Q. Did you have the courtesy of a reply that your application had been refused?—A. No, sir.

Q. Have you any more specific instances of trying to get goods and failing?—A. Yes, sir.

Q. You might just continue along that line.—A. I have a case here of our experience in regard to handling, or trying to handle, and also for a short time handling, rubber footwear, which, of course, is a very important commodity in Western Canada. This matter has been handled by Mr. King, the manager of our dry goods department; it was a departmental matter, and while I know naturally roughly the full outline of the case, he was good enough last Saturday night to scribble out for me a rough outline of the whole business.

Q. Do you know the main facts yourself?—A. Yes, sir.

Q. Let us have the main facts?—A. To begin with, we have always had very considerable difficulty in obtaining our supply in rubber footwear. During 1921, we made a contract direct with the Northern Rubber Company Limited of Guelph, Ontario, and we supplied rubber footwear to our customers for about one year.

Q. Which rubber footwear you had got from this company?—A. From the Northern Rubber Company. This contract was terminated by them on February 28.

Q. Of what year?—A. 1922.

Q. Have you the correspondence which brought an end to the contract? —A. No, sir, that is one thing which Mr. King in this note lays particular stress on, that all their communications with us through this period were entirely verbal. The manufacturers sent up their various instructions to their Western representative, and he called at our office and delivered the messages verbally.

Q. Who was their western representative?—A. A man by the name of Flesher, and he stated that owing to their agreement with the other members of the Rubber Association, that they were compelled to cut us off the list, much against their will. These companies, the Rubber Association, that is the rubber combine in Canada as it is generally referred to, the head of which is Mr. Connors of the Dominion Rubber System of Montreal—.

Q. I did not get that last, you are letting your voice drop.—A. The Rubber Association or rubber combine, as it is usually called is headed by this Mr. Connors of the Dominion Rubber System of Montreal, and they informed the Northern Rubber Company that the reason they could no longer supply the Merchants' Consolidated Limited, was because we were a disturbing factor in the labour business of Western Canada.

Q. How do you know that, is that what Mr. King?—A. That is what this representative of this factory informed us was the reason given to him by his firm, the Northern Rubber Company.

Q. Was the Northern Rubber Company in this combine?—A. They joined the combine.

Q. Do you know who controls this combine?—A. All the rubber companies in Canada.

Q. Give us some of their names.—A. The Dominion Rubber Company, the Kaufman Company—.

Q. Where are they, Kitchener?—A. Yes, I think so.

Q. Is the Goodyear Rubber Company in it?—A. They are not rubber footwear people.

By Mr. Munro:

Q. The Granby people, the Miner Rubber people?—A. I am not absolutely certain; it is not part and parcel of my work, and therefore I am not very familiar with it.

By the Chairman:

Q. Mr. King could give us the details of that?—A. Yes.

Q. But you are willing to testify from your personal knowledge that there is a combine in the rubber companies of Canada?—A. Yes. Mr. King and I have an office between us, and I have been in the office on more than one occasion when this Mr. Flesher has visited us and I listened, of course. to some of the conversations. Now, when we found that we could not get anywhere and we could not obtain our supply of rubbers, we thought there might possibly be some way in which we could get around this, and we went out in the ordinary way and solicited the business of our customers on rubbers, and we accumulated in the neighbourhood of $20,000 worth of business. This we placed with the Northern Rubber Company, and they were going to do their utmost to obtain the permission of the combine to ship these goods for us, or rather to fill the order, and this man Flesher certainly did everything within his power, and I am satisfied the Northern Rubber Company did also, to have our name retained on the jobbing list.

Q. They had no objections to you personally, this Northern Rubber Company, as customers?—A. No, sir, they were very disappointed when they were finally forced to discontinue selling us, and they held these orders for some time, but they were forced finally to return them to us. Prior to buying direct from the Northern Rubber Company, we had always been forced to get some other handler of rubbers to take our business, place it with some rubber factory, and pay him brokerage. When we had this volume of business finally returned to us, we then carried it around to one or two of these gentlemen that we had previously done business with, but from what we learned it would appear that they had been notified to be very careful about taking any large order for rubbers that happened to be running around loose in Western Canada, and we could not find anybody to take it, and the upshot was that we had to hand over, or we did hand over to the Northern Rubber Company $20,000 worth of business for which the company, our company, had expended money to obtain, and we made them a present of it.

Q. So they could fill the orders directly?—A. We had to do that, and one of the practices of the rubber combine is that orders placed for spring in the fall, or for fall iln the spring, prior to a certain date, that the buyer is entitled to a special 5 per cent early order discount, and in spite of the fact that the Northern Rubber Company had previously had these orders in their hands, prior to that date, but the time had expired when he handed them back to them the second time, and the rubber combine would not permit the Northern Rubber Company to extend this 5 per cent early order discount to all our customers who had placed this business with us. I give you that information so you can form a rough idea as to the strength of this combine, such as we have.

Q. It was a sort of inelastic rubber combine, was it?—A. Yes.

Q. I suppose these rubber goods are used by everybody, from the richest man who has got rich selling corner lots in Regina right down to the poor fellows trying to make a living on a quarter-section?—A. I should imagine, Mr. Chairman, that the man doing outside work, say, a farmer or a delivery man, that he will use considerably more rubbers than a man in an office position.

Q. It is an article of universal consumption, used by everybody, more especially by those who have to work out of doors?—A. Yes. Before finally parting with these orders, we attempted to buy rubbers from all the other rubber companies in this country.

Q. Just tell us about these attempts.—A. I do not think I have got details of that; I have not.

Q. You have not?—A. No, I have not.

Q. Has Mr. King?—A. Yes.

Q. Is Mr. King going to be here?—A. No.

Q. Do your best to tell us the particulars, as far as you remember them.—A. I have a distinct recollection of that, as I assisted Mr. King in drawing up the letter which he sent to the various rubber companies. If my memory serves me correctly, there were two extended the courtesy of a reply. Two of them replied.

Q. How many did you send this letter to?—A. I think there were somewhere in the neighbourhood of five.

Q. Three of them did not answer?—A. I think I am correct in saying we only got replies from two.

Q. What did the two say?—A. They said very much the same as some of those other gentlemen I mentioned this morning, that they had other arrangements made, or they were unable to open up any new accounts. We found we could not get anywhere in Canada.

Q. At this stage, let the Committee look at the tariff which is on rubbers.—A. I am coming to that, Mr. Chairman, now.

By Mr. Caldwell:

Q. I have not just got a clear idea of who Mr. King is.—A. The manager of our drygoods department.

By the Chairman:

Q. And joint manager with you of the whole company?—A. Joint manager with me of the whole company, under of course, the Board of Directors. When we found we could not get anywhere in Canada we decided we would try the United States of America. Mr. King got on the train and went down to the nearest city to Winnipeg, Minneapolis, and he walked around Minneapolis for two days, calling on any rubber company that he could find, and every place that he went to he ran up against the United States Rubber Company, which is affiliated in some way, shape or form, with the Canadian Rubber Combine,—how and by what ramifications, I do not know. I do now that I noticed an advertisement in the English Punch on the train the other day where the United States Rubber Company advertised in London, England, Dominion brand tires, manufactured by the Dominion Rubber Company of Canada.

Q. And although you saw that in Punch, you do not think it is a joke?—A. There are not very many jokes in Punch.

Q. He ran into the U. S. Rubber Company?—A. Yes.

Q. And did they look upon your company as scamps, in the same way as the rubber companies in Canada?—A. I guess possibly they were not interested in taking any Canadian business at all; that was the sum and substance of it, I think, with most of the companies, but however, he finally did run into one gentleman there who was a little more human than most of them, and he said, "I will tell you, Mr. King, what you want is to find an independent rubber company." Mr. King said, "Is there any such animal?", so this gentleman admitted there were two in captivity in the United States of America, one at La Crosse, Wisconsin, and the other one down in the Eastern States.

Q. I object to that statement about these independent rubber companies being in captivity. Now, let me just put this on record. Item 617 of the tariff, regarding rubber boots and shoes; 15 per cent British preference, 22½ per cent intermediate tariff, 25 per cent general tariff. Do you call a rubber a rubber shoe?—A. Yes, sir.

Q. That would be the item that would apply?—A. Yes, sir.

Q. You have paid a great deal of duty on these things, so you probably know.

By Mr. Caldwell:

Q. What would the duty be there on rubbers from the United States?

The CHAIRMAN: 25 per cent.

The WITNESS: I will demonstrate in a moment that that is not quite all. Mr. King got on board a train and went down to La Crosse, Wisconsin. He interviewed the general manager of this plant, and discussed the question of purchasing rubbers from him. The list price on rubbers in the United States of America, generally speaking, is the same list price as is in effect in Canada, that is, the list price is the price at which they are sold to the retail trade by the wholesaler. The wholesaler gets a discount from that list. The discount in Canada is less 20 per cent, less 5 per cent early order discount, and less 2 per cent cash discount. In the United States of America the discount is less 8 per cent and 8 per cent.

By the Chairman:

Q. Just repeat that again, please.—A. The discount in the United States of America is less 8 per cent and 8 per cent. However, after Mr. King had explained to this rubber man what we were up against, he agreed to give us a special discount of 10 per cent extra. We therefore were entitled to less 8 per cent and 8 per cent and 10 per cent.

By Mr. Caldwell:

Q. And the Canadian discount was 27 per cent?—A. It was less 20, less 5, and less 2.

By the Chairman:

Q. If there is this arrangement between the American rubber interests and the Canadian rubber interests, how do you explain that they give the Canadian people a larger discount on the same list price, because we are nicer looking people, is that it?—A. I would not like to say.

Q. Have you any views on that?—A. No.

Q. It seems strange, does it not?—A. Yes, there are many things in this whole case that are very strange. Well, Mr. King made up a small order of four cases each containing 24 pairs of standard rubbers, and ordered them on for shipment to Winnipeg. We intended to test this out, and if it did not work out very well we did not stand to lose very much money anyway. The rubbers were finally shipped, and billed to us by this Lo Crosse Rubber Mills Company, and on looking up the tariff we saw that the duty was 25 per cent. The Canadian Customs authorities apparently have been made familiar with the discounts given by the rubber companies in the United States of America, and when we sent down our invoices to the customs broker to have the shipment cleared, we discovered that in view of the fact that Mr. King had been sufficiently keen in buying these rubbers, and had obtained an extra discount of 10 per cent, that the Government would assess the duty of 25 per cent as provided for in the tariff, and then, under the dumping clause would assess as a

special tax or duty the total amount of the 10 per cent of extra discount which we had secured. We paid on top of that the usual 3½ per cent sales tax. The net cost of those rubbers landed in Winnipeg was considerably more than the cost landed from the Canadian factory, so that that was our first and last experience in trying to buy rubbers in the United States.

By the Chairman:

Q. Raw rubber comes into Canada free of duty?—A. Yes, sir.

Q. India rubber, Gutta-percha, are on the American free list. So that the mystery deepens as to why a bigger discount is given to the Canadian dealers than to American dealers by the rubber interests that are apparently more or less associated?—A. Quite so.

Mr. MUNRO: This is a particular case, though, Mr. Chairman. As I understand it, Mr. King gave a situation where they could not get this particular order filled, and as I understand it they got a discount which the ordinary trade could not get.

By the Chairman:

Q. The ordinary trade in Canada gets a larger discount off the list price in Canada, and in the United States it is practically the same?—A. Yes.

Q. The ordinary wholesaler or manufacturer in Canada gets a very much larger discount, a discount of twenty per cent?—A. A discount of twenty per cent; that is really the trade discount, the five per cent early order discount may apply in the United States of America. I do not know, but I presume that it does, because that is the object of the factory in offering that extra 5 per cent, to attract orders, so that they will not be running their plant and making up a lot of rubbers on the off chance of selling them. They have a considerable number of firm orders in hand and can go ahead. He gets that five per cent, which he must pass on to the retailer, and two per cent which he also passes on to the retailer. So that the jobber's profit is less than twenty per cent in the United States; the jobber's net profit is eight per cent, and less than eight per cent.

Q. It is really a fraction less than 16 per cent?—A. Yes.

By Mr. Caldwell:

Q. The list price to the trade is the same in both countries?—A. I think so, generally speaking.

Q. So that the jobber gets the advantage of the larger discount in Canada?—A. Yes.

Q. But the actual consumer does not get the benefit of that larger discount?—A. No.

Q. The price is set by the manufacturer, and that article must be sold at that price by the retailer?—A. Yes.

Q. He must not give it to the consumer?—A. If he does, he is cut off.

Q. The consumer in Canada gets no benefit of this discount; the manufacturer sets the list price, which the retailer must charge to the consumer in both countries, and the consumer gets no benefit of the extra discount?—A. After this occurrence Mr. King came down east and went to see the managers of certain rubber goods to try and get their idea in not wanting to sell to us; he saw the Kaufman Rubber Company, of Kitchener, a rubber company in Toronto, the Miner Rubber Company of Montreal, and they all stated to him that they had no objection to us buying on the list if we put travellers out and kept a stock; in other words, they wanted us to increase our selling expense in order to qualify as legitimate wholesalers.

Q. Would you have any objecting to carrying a stock?—A. Not at all.

Q. But you did have an objection to unnecessarily increase in your opinion the cost of selling?—A. We rather think it was merely that they were satisfied that it was not the policy of the Company to employ travellers, and that they were pretty safe in making that suggestion.

Q. Like a teetotaler quite often offering to drink?—A. Perhaps. Mr. King went on and called on Mr. Connors, the head of the rubber systems.

Q. Do you remember his name?—A. I think we should send him a copy of your evidence.—A. No, I do not remember his name.

Q. What is his position?—A. He is the head of the Dominion Rubber Company, of Montreal. Mr. King finally went on and called on this gentleman, and Mr. Connors at last stated that he considered the Merchants Consolidated, Limited, a group of retailers, not a wholesale house, and that they certainly would not countenance group buying.

Q. But apparently they countenanced group selling?—A. Oh, yes. He went on to state that quantity made absolutely no difference.

By the Chairman:

Q. Even if you ordered rubbers in carload lots?—A. It would not make any difference. My King explained to him our method of operation again, but he still maintained that we were not legitimate, and as a matter of fact he went a little farther then, he went so far as to say, speaking for the rubber companies, that they could not afford to allow the idea which brought the Merchants Consolidated, Limited, into being, to grow, as the first thing he knew we would be controlling a sufficient volume of business that we would be able to manufacture our own rubbers, and "then where would we be?"

Q. He wanted to nip the idea in the bud?—A. Yes.

Q. Mr. Connors exposed very frankly the economic results or the economic probabilities, to Mr. King?—A. Yes.

Q. You learned all this from Mr. King, your joint manager, when he came back?—A. Yes. We discussed it many times.

Speaking of rubbers, there was a case came before my notice just a few days ago. There is a small siding about 16 or 18 miles out from Winnipeg. Some time in the past there had been a store at that siding. The store had been burned down, and the farming community had to drive either to the next town, which was I presume 7 or 8 miles away, or else go a matter of 16 miles to Winnipeg, in order to buy their supplies. A farmer who lived close to that siding, whose health became a little impaired, was requested by a number of the settlers there to open a store; he was recommended to the Merchants Consolidated, Limited, to buy his goods. He was not financially interested in our Company in any way, shape or form. He came in to see me, I had a chat with him, and he finally decided that he should go into business, and also decided to buy from us. He erected a store last fall, put in a stock, but we of course were unable to supply him with rubber footwear, which he had to have. It is about two weeks ago now that he was in the office and showed me an invoice from the Northern Rubber Company, from whom he was buying his rubbers, and which he was just then going around to pay, in which he was charged eight cents per pair more wholesale for rubbers than a city store in Winnipeg was selling them for retail. He did not have very much chance to render service to the settlers of his district, when he was under that disadvantage. You will see that that man, associated with a number of others in a company, is not allowed to buy his rubbers directly, but that big city store can buy their rubbers.

Q. Direct?—A. Direct, and get the maximum discount.

Q. So in the view of the Northern Rubber Company and the rubber combine yours is not a legitimate wholesale organization?—A. No, sir.

Q. But a city retail store is a legitimate wholesale organization?—A. Yes, sir.

Q. Is that it?—A. Yes, sir. I would like to draw your attention also to that sheet issued by the Wholesale Grocers' Association of Winnipeg, from which our name is of course eliminated, but in which the names of two retail stores in the City of Winnipeg are included.

Q. What are those two stores?—A. One is the T. Eaton Company, the other is the Hudson Bay Company.

Q. They buy in wholesale quantities?—A. So do we.

Q. That is the answer.—A. The point I wanted to make, Mr. Chairman, was that the retail merchants of the country, the majority of them anyway, are endeavouring to keep the trade at home in their local towns and help to build up the local communities, and to make living a little more attractive for the farming fraternity than it is at the present time.

Q. You think there is more fun in buying a piece of goods over the counter than there is in buying it through a catalogue; of course it will depend very much upon the personality of the person serving in a store?—A. Yes. I do not want you, Mr. Chairman, to think that I am opposed to anybody spending his money in whichever way he sees fit, but I do think that the retail merchant can be a big factor in helping to improve community life. We have some very good demonstrations of that.

By Mr. Gardiner:

Q. Does the T. Eaton Company sell rubbers cheaper than other stores in Winnipeg, or the Hudson Bay Company?—A. Cheaper than the small country store can sell them?

Q. Yes?—A. I cannot tell you that definitely, but perhaps I would not be far wrong if I were to say that in all probability they force the local merchant to take a fairly slim margin of profit.

By the Chairman:

Q. In other words, without the catalogue business the consumer might possibly have to pay more for his goods?—A. In some instances, maybe.

By Mr. Gardiner:

Q. The point I wanted to get at was this; you stated that the T. Eaton Company were on this particular list as, to all intents and purposes, big wholesalers; what I want to get at is, in view of the fact that they could buy their goods at practically wholesale prices and receive the discount, would they sell at a lower price than the retail dealers in Winnipeg or the ordinary channels sell their rubbers for?—A. I think you will find that competition practically forces the retail merchants to sell at competing prices; that is my experience, anyway.

Q. Because of the privilege the T. Eaton Company have in being recognized as wholesalers, that privilege gives them an extra profit in the way of discount?—A. Yes.

By Mr. Munro:

Q. Would you mind repeating that statement?—A. I will add a little to it. Competition of all kinds and characters keeps prices to the consumer about as low as it is possible for the margin of profit to be.

Q. Is it not a fact that the retail merchants have an association to protect themselves, the same as the wholesalers?—A. There is an association such as the Retail Merchants' Association, but from what I know of it I do not think they attempt to regulate the buying and selling of merchandise, in fact, I am prepared to go on record that they do not.

Q. What is the chief purpose of the organization?—A. I think this is one of the complaints of the retail merchants too. It is more of an educational proposition; they watch legislation as it may affect retail merchants, but in regard to it being of any assistance to them from a merchandizing standpoint, I do not think you will find that the Retail Merchants' Association is of any benefit to them at all.

By the Chairman:

Q. Now, Mr. Sly, have you any other specific instances to place before us; you have dealt with various articles, such as corn starch, corn syrup, sugar, salt, rubbers?—A. I will just read one short letter, Mr. Chairman. This letter was written by a traveller for the W. H. Escott Company, Limited, who are, as they describe themselves here, wholesale grocery brokers and manufacturers' agents.

Q. Where are they situated?—A. They are situated in Winnipeg. They employ some travelling salesmen, who go out through the city and country and introduce the lines for which they are agents, and sell them to the retail merchants to be shipped through any particular wholesaler that they may designate. This letter was written by a traveller by the name of Coleridge; it is addressed to W. L. Hartnett, of Miniota, Manitoba, and reads as follows:

> "In reference to the order you favoured me with for two cases of Santa Claus dates, I am instructed that it is not possible for me to book through the Merchants Consolidated, Limited, consequently I am destroying the order. This is in order that you may know that I have taken the matter up and that you may not be depending upon the shipment."

Q. Why was that letter sent?—A. This traveller had on behalf of the W. H. Escott Company called upon Mr. W. L. Hartnett, of Miniota, Manitoba, and had apparently sold him two cases of Santa Claus dates.

Q. On behalf of the W. H. Escott Company?—A. Yes, sir, on behalf of the W. H. Escott Company to be shipped through the Merchants Consolidated, Limited.

Q. Please explain that; why should they ship through you?—A. Well, we will assume that these people had secured the agency for Winnipeg and Western Canada, for Santa Claus dates.

Q. That would be about the 25th of December?—A. They wanted to get these goods into the hands of all the jobbers and into the hands of all the retail trade, therefore they engaged men and sent them out through the country districts, also into the cities. They would show samples of those Santa Claus dates and quote a price, thus allowing a profit to the wholesaler over and above his costs.

Q. In other words, they would take orders for those things before they bought them themselves?—A. For instance, suppose Santa Claus dates cost the wholesaler 8 cents per package, they would then say that they could go out and sell those dates for 9½ cents, and the jobber would be perfectly satisfied; therefore they would start their men out and say to quote these dates at 9½ cents a package, and to go around and take orders all over the country. The travellers would then bring those orders in to the office at Winnipeg, sort them out, so many for each jobber; they would bring a number into the jobber's office, and might possibly lay down orders for twenty or twenty-five cases of dates. It is more or less an unwritten law in the grocery line that if a man brings in an order for twenty-five cases the grocer buys fifty—he doubles up on it. The broker would take the order for the quantity of dates the jobber would

require and leave those orders from the retail merchants with him, and when the goods arrived at the wholesale warehouse he would fill those orders and out they would go. That is exactly what happened; this Escott Company and this custom house placed an order for shipment through us, and when they sent it in to the office they notified him that it was no good.

By Mr. Gardiner:

Q. The only thing I would like to ask about is a question as to what the necessity is for these agents, when you have wholesale houses doing business there already; it must cost an extra sum of money to have those agents in business, keeping travellers out on the road; is there any real necessity for them?—A. Personally I cannot see it.

Q. Have you any idea as to what commissions those agents receive? —A. The commissions vary with the class of merchandise, how fast it turns over, and the volume of business to be done. Take a commodity like salt, the commission is very small; when you get up to lines of the character of jelly powder, which is not bought in any large quantity, the commission is liable to be 5 per cent, or it may be higher.

The CHAIRMAN: You have got us up to dates; have you anything else to tell us about?

By Mr. Gardiner:

Q. Is that a regular practice in the business circles of this country, this method you have outlined?—A. Yes. I think you will find in a large number of instances that the manufacturer employs a staff of salesmen, who go out and call on the retail trade and solicit orders for shipment through the wholesaler, and they then turn those orders in to the wholesaler.

By Mr. Caldwell:

Q. That is in order to induce the wholesaler to handle that class of goods?—A. Yes.

Q. Then he takes some more with the order already quoted?—A. Yes.

By Mr. Clifford:

Q. Would you be satisfied to do away with the travellers?—A. We can operate very successfully without them.

Q. You can, I know, but the manufacturers of the country cannot do business without travellers?—A. Well, we maintain that except on more or less fancy lines, the retail merchant is quite competent to order his standard staple lines by mail, without the assistance of a traveller.

Mr. CLIFFORD: I do not agree with you.

By the Chairman:

Q. Anyway, you find it possible in your experience, in whatever experience you have had?—A. Yes, sir, and the Company I was with prior to the Merchants Consolidated, Limited, found it just as successful.

Q. That was in Great Britain?—A. That was in Saskatoon.

Q. What was the name of that Company?—A. The Western Grocers, Limited. They have about ten or twelve branches throughout the whole of Western Canada, and they conduct their business entirely by mail.

Q. I suppose a company that employs a lot of travellers has to have a first-rate manager?—A. I don't know that he needs to be any more efficient than in a house that has not.

Q. Than a house that has not?—A. Yes, sir.

By Mr. Gardiner:

Q. In a case of that description, where they have no travellers, does the retailer get any benefit in the way of a lower cost of his goods, that is, generally speaking?—A. Yes, I think so. I think there is a slight saving to be made between the mail order house prices in the West and those houses employing travellers.

By Mr. Caldwell:

Q. Would you say this, that where they do not employ travellers, those companies must attract business on the merits of their goods?—A. You have to confine yourself to the standard staple lines that people know, or you have to build up such a reputation for yourself that the merchants with whom you are dealing will take your word if you recommend some particular line as being satisfactory in regard to quality. At the time we introduced that syrup I mentioned this morning, I wrote to all our trade and told them we had tested it and that we had found the quality to be perfectly satisfactory, and so on. The big majority of our customers came back and purchased that syrup, possibly in comparatively small quantities, until they had satisfied themselves that they were quite prepared on our written word to take a chance and buy a small shipment.

By the Chairman:

Q. After all, Mr. Sly, have your customers got to depend anything more upon you than the customers of the T. Eaton Company, who buy from their catalogues? What do you say?—A. No, sir.

By Mr. Robinson:

Q. Why do they consider your way of doing business illegitimate? You used that word two or three times. If one of their representatives were here, what answer would be put up?—A. He is liable to say that we are a buying office for a bunch of retailers. That is one excuse. Then they offer merely the excuse that we are not jobbers. Then another reason, and that applies more particularly to the dry goods business, that we don't employ travellers.

Q. Would they not say that they go ahead and sell goods, and make a market for them, and make people familiar with them, and you come in and reap the benefit without the expense?—A. Oh, no, I don't think so, I have never heard that argument used.

By the Chairman:

Q. That is to say, you believe that sugar and flour, and rubbers, and salt were all quite well known by the consuming public, even before your competitors got into the field?—A. I would say so, sir.

Q. Have you got any other line that you can tell us about?

By Mr. Hammell:

Q. Have you anything on hardware?

By the Chairman:

Q. Tell us about hardware.—A. I have not really, apart from a small file of the Thomas Davidson Company here, any evidence in regard to the hardware. We confine ourselves, in regard to hardware, to the common, standard, staple lines handled by the average country general store, and we do not endeavour to supply finer grades of tools, and that class of merchandise. We have not had very much trouble in regard to hardware, because the lines we are buying are made by a fair number of manufacturers, competition is fairly keen,

and it is not restricted to one or two, and under those conditions we find that we have very little trouble in buying.

Q. As a matter of fact, when there is competition among the sellers, the buyer's task is a fairly easy one. He can generally get what he wants when he has the money to pay for it?—A. Yes.

By Mr. Hammell:

Q. You must sell a lot of pails and enamelled ware through the country.

By the Chairman:

Q. Yes, tell us about them.—A. We approached the Thomas Davidson Manufacturing Company some considerable time ago, and asked them to include our name on their selling list, extending to us their maximum jobbing discounts. I did that in a telephone conversation with the manager of the Winnipeg branch. He finally 'phoned me one day to tell me that Mr. Flack, the manager from Montreal, was coming West, and he would come in and see us. He came in the office and I spent about an hour with him, explaining our method of operation. He said that he could not see, personally, any reason why we should not buy on the regular jobbing basis.

Q. Had you been buying from them before?—A. Well, we had just picked up a few things, but we had not got any discount. We had not made any arrangement with them at all. And so he said that he was going back to Montreal, and he would take this matter up with the Association.

Q. What association was he referring to?—A. I rather think the association was composed of the Thomas Davidson Manufacturing Company of Montreal, the Sheet Metal Products Company of Toronto, and the McClary Manufacturing Company of London.

Q. I see, who manufacture, by the way, all very much the same sort of things?—A. They all manufacture the same class of goods. I did not hear anything from him for a little while, and I 'phoned from time to time to the local office. But, until one day, by mistake, a letter was addressed to us that should have gone to their local office, and it was from this gentleman, and he said, in writing to his own manager, that he had not got anything to report in regard to the Merchants' Consolidated, Limited, and he, the manager, "had better get hold of Mr. Sly and jolly him along for a little while yet." I have some correspondence here—

Q. Just give the net result. You asked to be put on their trading list?—A. And to date we are not on.

Q. They have never refused to put you on?—A. They never refused.

Q. But they have been, to use the expression, "jollying you along"?—A. Yes.

By Mr. Gardiner:

Q. On the sly?—A. On April 6, I wrote them, but have not had any answer.

By the Chairman:

Q. You never had any difficulty in buying flour?—A. We don't handle flour, but we can buy it. But it is sold in Western Canada by the mills direct to the retailer. We had a visit some little while ago from a man that we bought gloves and mitts from, and he was telling us that he was having considerable difficulty in getting his cardboard boxes to put the gloves and mitts in, and that he was having to pay more money for these boxes than he estimated he would have to pay at the time he had submitted prices to us on his gloves and mitts. Mr. King questioned him on this point, and he said that he was buying his boxes from

the Western Paper Box Company, Limited, of Winnipeg, and that when they informed him that they would have to advance their prices on boxes, they showed him a letter that was sent to them by J. R. Booth, Limited, of Ottawa, Canada. It is addressed to the Western Paper Box Company, Limited, and reads as follows:—

"Replying to yours of the 10th, the reason we cannot handle your order is due to the fact that our old established customers in the West are complaining bitterly that they cannot meet your competition, and as you are paying the same price for board as they are, we cannot but conclude that you must be slaughtering prices and, in all fairness to our long-established customers, we cannot continue to do business with a new customer under such circumstances.

Yours truly,

J. R. BOOTH, LIMITED,
per J. B. McGIBBON.

Q. I see, that is, one must not commit the unpardonable offence of reducing prices?—A. Yes.

Q. Can you, without any breach of faith, tell us what that concern is, or would you rather not?—A. This is written to the Western Paper Box Company, and sent by the J. R. Booth Company, of Ottawa, and the Glove Company, from whom we bought, is the Waters Glove Company.

Q. And the Waters Glove Company was selling gloves cheaper than their competitors?—A. No, they were buying their boxes cheaper, apparently, than some of the other glove manufacturers in Winnipeg, and, as a consequence, were able to quote slightly lower prices on gloves and mitts which were to be put in the boxes. And, as a result of the action of this firm in Ottawa, our friend had to advance his prices slightly on gloves.

Q. Yes, because the Booths in Ottawa had advanced the price of the material from which the boxes were made to him?—A. No, sir, because the Western Paper Box Company, that had been making the boxes which were to contain the gloves—

Q. Had been selling those boxes too cheap, is that the idea?—A. Yes.

Q. And when they sold them too cheap, the people from whom they got the material for the boxes objected?—A. Yes.

Q. I see, and therefore they had to increase their price on the boxes?—A. They apparently had to go elsewhere, and find other sources of supply for making the boxes.

Q. And that increased the cost of the gloves to the manufacturer, and the manufacturer of gloves had to increase his cost to you?—A. Yes.

Q. So that is the way it operates?—A. Yes.

Q. Now we have got the gloves and boxes. Have you anything else to tell us?—A. I don't think, very much. I received a letter yesterday, or this morning, from the president of our company in regard to some statements which had been made to this Committee in regard to apples.

Q. Do you know about it yourself?—A. Yes, and he has asked me to state that the prices mentioned did not conform with the prices at which the Merchants' Consolidated Limited, could sell apples. This is the president of our company, a retail merchant, and he bought apples from us at a price of $3.05, Brandon.

Q. British Columbia fruit?—A. British Columbia Mackintosh Red apples. And the profit we made on that was 6·23 per cent, a fraction under 6¼ per cent profit, out of which we had to pay distribution charges from Brandon.

Q. I guess you have pretty well disposed of any charges that you were profiteering in regard to apples, if such a charge were made against your com-

pany?—A. We sold those apples in Tantallon at $3.75 per box. He sent me down an invoice covering six boxes of the same class of apples charged to his opposition by a fruit company in Brandon, where they charged $3.25, f.o.b. Brandon, with cartage extra, and he sends me a copy of the sales slip where these people sold them for $4. He, as a result of his connection with the Merchants' Consolidated Limited, was able to sell his apples at 25 cents a box cheaper.

Q. You are justifying your existence in the economic world by showing that through you the consumer can get certain things at a cheaper price?—A. That is the object of the existence of Merchants' Consolidated. I was talking to the Hon. A. D. Hudson, a member of the legal firm who transact our business in Winnipeg, and I was discussing the question with him—

The CHAIRMAN: I don't know that that should be given in evidence.

WITNESS: We were talking about the Wheat Board.

By the Chairman:

Q. You want to say something about the Wheat Board? I am going to put a regular question. Give us your opinion in regard to the Wheat Board. Do you like its compulsory features? Tell us all about it.—A. I don't want to leave the impression that I think I am an authority on the Wheat Board situation, but there is possibly one phase of it which has been brought home to us as a result of trading in the rural districts of Western Canada that you may not have had mentioned to you. And that is, that the reason for the low price of wheat in the fall of the year is because there is a large amount thrown on the market, and that, we contend is on account of necessity in the majority of cases, because the farmer has certain debts to liquidate which have got to be liquidated. If the retail merchants throughout the whole of Western Canada would put their business on a cash basis, and sell for cash, the farmer, in the fall of the year, would have very few, if any, debts to liquidate, and he would then be in the position of being able to sit back and hold his grain, if necessary, until the market was such that he considered the price a right and proper one. We have seen that demonstrated in one point, particularly in the west, where a customer of ours, after very careful consideration, went on to a cash basis, and he found that his customers were in a position, in the fall of last year, to hold their grain, if they wanted to—they had not any large amount of debts to liquidate.

Q. Now, without contesting for a moment the wisdom of paying cash for what you need, always provided you have the cash, have you ever examined the question as to whether, taking one year with another, it pays the farmer to carry his wheat from three to six months?—A. I don't know, I have not given that any consideration. But it occurred to me that that might be a viewpoint that you might not have got—if there is anything of any use in it I don't know.

Q. I think we are probably all in agreement with you, Mr. Sly, that paying cash for what you need is an excellent business principle to follow, sometimes some of us are unable to follow that principle, through causes unconnected with ourselves. Now, gentlemen, are there any other questions to ask. I think the witness has pretty well covered the ground.

By Mr. Gardiner:

Q. I have just one question for the witness, about drygoods. I understand your firm handles drygoods?—A. The staple lines of the more common necessities.

Q. Do you find the same conditions in the drygoods business that you have found in the other branches?—A. I read this morning a letter from "Canadian Cottons". Did you hear it?

Q. I was not here. You don't handle fancy lines of drygoods?—A. Not all the fancy lines, no. Here is the file that I dealt with this morning.

By the Chairman:

Q. While you are looking at that, allow me to ask a question. Do you know anything about the sugar situation to-day?—A. Not any more than the fact that the information which we got from a statistical source in a service to which we subscribe.

Q. That is Babson's, is it not?—A. Yes. They claim that the advance in price is absolutely unwarranted.

Q. It is due to manipulation, in their view?—A. Yes.

Q. The world supply of sugar does not warrant it?—A. That is their view, and that is the view of the majority of the trade publications that have investigated it.

Q. Is it your own view?—A. I think so, yes sir.

Q. There has been a rise of how much a pound in the last month?—A. Frankly, I have been away from the office so much that I don't know what the price of sugar is in Winnipeg, but I would say it had gone up 35 cents per hundred, anyway, if not more.

Q. In any manipulation, would our refineries have to be in the concerted action, or would that occur merely through the United States situation?—A. I think our prices in Canada are all based on the refined price in the United States, that is, when there is an advance in the United States, it usually follows in Canada within a day or two.

Q. Do the reductions follow with the same inevitability?—A. Oh, yes, I think when there is a reduction over there, we get it here in a day or two.

Q. Have you got any more questions to ask Mr. Sly? If not, I am going to thank him, for the Committee, for the way in which he has placed his facts before us, which I think will prove of considerable public interest. We thank you very much, Mr. Sly, and you are discharged.

The Committee will meet to-morrow morning at 10 o'clock, and the first witness will be Isaac E. Pedlow, ex-M.P., for South Renfrew.

The Committee adjourned until Thursday, April 19, at 10 o'clock.

HOUSE OF COMMONS,
COMMITTEE ROOM 268,
THURSDAY, April 19th, 1923.

The Special Committee appointed to inquire into Agricultural Conditions throughout Canada met at 10 a.m., Mr. McMaster, the chairman, presiding.

The CHAIRMAN: Please come to order, gentlemen. Mr. Sutherland, you have some information to place before us in relation to a condition of freight rates on sugar, which appears to be somewhat unusual and unfair to certain producers of sugar. Would you kindly place before the Committee the particulars you have in hand in connection with that matter.

APPENDIX No. 3

Mr. SUTHERLAND: In view of the evidence which was given here yesterday, it struck me as possibly of some interest to the Committee to have the figures which I have here. This is a list showing the rates quoted by the wholesale grocers and sugar refiners to the different places throughout the province of Ontario. My attention was first directed to it through the fact that through my own constituency the rate is much higher, two points, both east and west of the county.

The CHAIRMAN: And are those points further away from the factory where the sugar is made?

Mr. SUTHERLAND: Yes. The only way that I understand sugar can be purchased, is through having the charges for freight prepaid, but you can buy in carload lots from the refineries or from the wholesale houses, but those must be paid as they are outlined in this book, which is given to all the commercial travellers in selling sugar.

Mr. HAMMELL: Who is that book issued by?

Mr. SUTHERLAND: It is "Equalized Rates for the Sale of Refined Sugar in Ontario."

Mr. HAMMELL: Issued by whom?

Mr. SUTHERLAND: The travellers claim that those are the only conditions upon which they can sell sugar. I will give you the rates to London, for instance. It does not matter whether it comes from Chatham or Montreal. There is a sugar refinery at Chatham, close to London. The same rate is applied coming from Montreal as our rate. The rate to London is 43 cents per hundred pounds. The rate to Ingersoll is 62 cents, or a difference of 19 cents a hundred.

The CHAIRMAN: For how many miles difference?—A. 18 miles. It may be 18 miles closer.

Mr. HAMMELL: It may be 18 miles further?

Mr. SUTHERLAND: It may be 18 miles further. To Tilsonburg the rate is 68 cents per hundred pounds. From Chatham to Toronto, which would be 100 miles further, the rate is 34 cents per hundred pounds, or just one-half what it is to Tilsonburg, which is 100 miles closer to Chatham; double the rate charged to Toronto. Oshawa is 53 cents per hundred pounds, while Toronto is 34. Hamilton is quoted at 35 cents per hundred pounds, while Dundas, which is about 5 miles from Hamilton, is 56 cents per hundred pounds.

The CHAIRMAN: Give that answer again?

Mr. SUTHERLAND: Hamilton is 35 cents, and Dundas is 56 cents; 21 cents more to Dundas than to Hamilton.

The CHAIRMAN: And Hamilton and Dundas are within five miles of each other?

Mr. SUTHERLAND: I think so, approximately.

The CHAIRMAN: Certainly not more than ten miles?

Mr. SUTHERLAND: No, and all these points in my own constituency, Ingersol, 62; Tilsonburg, 68; Sandwich, Otterville, 66; Woodstock, 62. The rate to Brantford, which is closer to Montreal, is 42; the rate to London is 43. All these high prices come in between the two lower ones. In view of this, I would like to submit this list to the Committee, and if possible have some of these people brought here, and give some explanation of why that should be. The price of sugar is a very serious matter in the cost of living, and also to the beet growers in the western part of the province, sugar beet growers.

The CHAIRMAN: With your permission we will place this little list among our records, and file it as exhibit No. 65. Mr. Sutherland, you are quite satisfied that this list you have put in is a correct list, and it came through sources that make you have no doubt that this is the real thing?

Mr. SUTHERLAND: Well, this is the information I have received, that these are the only conditions, and I have verified that by information I have gathered from the grocers in the towns, the prices there quoted.

The CHAIRMAN: It is entitled 44th edition, 23rd year. Uniform code of rules for sale of refined sugar in Ontario, based on supply of equalized freight rates, summer 1921. Approved and in effect June 1st, 1921. Your evidence, Mr. Sutherland, is to the effect that as far as your own county is concerned you verified the figures given in this list, by personal inquiry and found them correct?

Mr. SUTHERLAND: Yes.

Mr. HAMMELL: Those rates still obtain?

Mr. SUTHERLAND: Yes.

The CHAIRMAN: Your suggestion is that we might do well to call someone before us to explain this apparent injustice?

Mr. SUTHERLAND: I would suggest that in view of the evidence which was given here yesterday in connection with the situation in western Canada—.

The CHAIRMAN: Do you know who would be a good man to call?

Mr. SUTHERLAND: No, I do not.

The CHAIRMAN: Some of your friends in the grocery business in your county might be available to give that information?

Mr. SUTHERLAND: I doubt whether they would care to place themselves at the mercy of an organization.

The CHAIRMAN: But they can tell you in confidence?

Mr. SUTHERLAND: They have done so.

The CHAIRMAN: Can you give us the name of a person we could summon, in confidence. Can you tell us.

Mr. SUTHERLAND: Of course the travellers are the ones they come in contact with, and they all have the same rates. There is no variation, consequently there must be some—.

The CHAIRMAN: Gentleman's agreement between them.

Mr. SUTHERLAND: Gentleman's agreement between them.

Mr. GARDINER: Are these travellers from the sugar factories or are they from the wholesale grocers?

Mr. SUTHERLAND: Some of them are from the wholesale grocers. You can order a carload of sugar from the refinery and the very same rates are charged. It does not matter where you buy.

Mr. GARDINER: So the refineries have the same system in fact, as the wholesale groceries?

Mr. SUTHERLAND: Exactly.

Mr. GARDINER: It would be quite possible for this Committee to find out some of the refiineries and call the refineries.

The CHAIRMAN: Yes, or one of the wholesale grocers. Certainly we could find that out.

Mr. GARDINER: There would be no possibility of any retailer being discriminated against.

The CHAIRMAN: Would it be possible that the lower rates were given to points where there would be larger shipments?

Mr. SUTHERLAND: Well, when you order from the refinery to have it shipped direct, it is impossible to have it. It must go through to the greater distance, and pay the rate there.

Mr. ROBINSON: The rates are by the carload too, are they not.

Mr. SUTHERLAND: Yes.

The CHAIRMAN: The farming population are great consumers of sugar, are they not?

Mr. SUTHERLAND: Most assuredly.

Mr. GARDINER: There is just another point in regard to that. Are these rates imposed by the railway companies, or are the rates imposed by the refineries?

Mr. SUTHERLAND: By the refineries. There is no discrimination in railway freights, as is shown in this pamphlet you have. There are no discrimination in railway freights to the extent we have shown in the pamphlet. Railway rates are quoted. They must be added to the price of the sugar to all these different points.

Mr. GARDINER: This is the railway rate?

Mr. SUTHERLAND: The railway rates are fixed in this.

Mr. HAMMELL: Are these the rates that the refineries use, but not necessarily the actual freight rates?

Mr. SUTHERLAND: Those are the only conditions under which you can purchase sugar, that is, to have these rates added to the price of sugar, so much a hundred pounds.

The CHAIRMAN: Are the sugar refineries or is the Railway Commission responsible for that?

Mr. SUTHERLAND: I could not say as to that.

Mr. HAMMELL: They add these rates to the price of their sugar?

Mr. SUTHERLAND: Yes.

Mr. HAMMELL: Because sugar must be prepaid.

Mr. SUTHERLAND: All prepaid

Mr. HAMMELL: What is the difference in the price of sugar in these different places, do you know that?

Mr. SUTHERLAND: I could not say, as to that.

Mr. ROBINSON: Could it not be possible to find the railway rates on sugar from Chatham to Montreal, and to these various points?

The CHAIRMAN: We could get that, and we could see whether these are arbitrary rates, imposed by sugar manufacturers, or whether they are legitimate rates imposed by the Railway Commission. We should do that, and then we should follow Mr. Sutherland's suggestion and call someone to make an explanation before this Committee. We will ask the Railway Commission first. You may consider and hand to me in conference the name of the person whom you think it would be best to summon.

Mr. SUTHERLAND: Very well.

The CHAIRMAN: You have some information, Mr. Caldwell, that you wish to place before the Committee, on the prices of fertilizers charged by the Dominion Fertilizer Company?

Mr. CALDWELL: Yes.

The CHAIRMAN: Which carries on the business of manufacturing and selling fertilizers in New Brunswick to its customers who live in Maine and its customers who live in New Brunswick.

Mr. CALDWELL: Yes, and just in this connection, Mr. Chairman, I do not wish to single out the Dominion Fertilizer Company, but it is only as an illustration of what is being done by all the fertilizer firms doing business there. The price list of this firm was the only one that I was able to secure for both New Brunswick and Maine, that is the reason I am selecting this, because they are all doing the same thing.

I have their price list for the season of 1921-22; that means the winter of 1922 beginning with the fall of 1921. These lists are issued from their office in St. Stephen, New Brunswick. One is headed, "Dominion Fertilizer Company Limited," St. Stephen, New Brunswick, Maine price list for 1921-22." The other price list is headed, "Dominion Fertilizer Company, St. Stephen, New Brunswick, New Brunswick price list for 1921-22" and on these two price lists we find a difference of $9 per ton in favour of the Maine farmer, although this factory is situated in New Brunswick. They ship their fertilizer back into Maine at $9 cheaper than they sell it for in New Brunswick, with a much longer freight haul. I will just given you one brand here that we use the most for potato growing, 4-6-10. That means 4 per cent ammonium, 6 per cent phosphoric acid, and 10 per cent potash. That is quoted in Maine at $58 a ton in 167-pound bags, and that same brand is quoted at $67 a ton in New Brunswick. That is a difference of $9 a ton. Then there is 5-8-7 quoted at $60.75 in Maine, and $69.75 in New Brunswick, in bags. These prices are time prices. That is, a fertilizer is shipped during the winter of 1922 to be paid for the first of the next November.

The CHAIRMAN: Do you know if they sell in Maine on the same terms as they do in New Brunswick?

Mr. CALDWELL: Absolutely. The same traveller sells in Maine and New Brunswick. I want to go a little further. They allow a discount of 7 per cent for cash from these prices in both Maine and New Brunswick. 7 per cent for cash March 1st, 6 per cent May 1st, 5 per cent July 1st, during the season. I took those prices and took off the 7 per cent for cash, because I wanted to compare that price with the price the chemicals cost to make this same brand of fertilizer. Taking this 4-6-10 at the cash price in Maine would be $54.94.

The CHAIRMAN: Per ton?

Mr. CALDWELL: Per ton, delivered. The same brand, 4-6-10, delivered in New Brunswick would be $62.31. You notice the difference in the prices for cash because the 7 per cent discount amounts to more on the larger price. The difference between the two cash prices is $7.37. The fact is, however, Mr. Chairman, that nearly all this fertilizer is sold on time there, very little is paid for in cash, but if they were paid for in cash, these are the prices. Our farmers that year were able to buy chemicals under the same conditions, freight paid to the nearest railway station, in bags of the same size, for $32.73, the chemicals that our so-called fertilizer manufacturers mix. They do not manufacture anything, they import the chemicals and stir them together and bag them. Our fertilizer manufacturers charge $62.31, and our farmers are able to buy the same materials to make absolutely the same brand for $37.73, or a difference of $29.58 between the price of the chemicals laid down in single ton lots at our railway station, a difference of $29,58 between that and what the manufacturers were charging. In the other brand, the prices are correspondingly different between that of the chemicals and the brand laid down, but what I want to emphasize is this, the difference

between the new Brunswick and Maine price on the mixed goods sold by the same company, between two farmers side by side, one in Maine and one in New Brunswick—because part of our potato belt is in Maine and part in New Brunswick—due to the fact that times are very hard just now, very few of our farmers are able to buy chemicals, and very few are able to pay cash. They will buy the fertilizer on time but they cannot do that with chemicals. When the fertilizer companies buy chemicals they pay spot cash. Another point I would like to emphasize is this, that the fertilizer manufacturers who buy in very large quantities, certainly get a very much better price than our farmers who buy in single ton lots or three tons, or five tons, or something like that.

Mr. HAMMELL: Of course, there would be a certain amount of risk, I suppose, in selling on time?

Mr. CALDWELL: The company will not ship a man any fertilizer on credit without looking him up very thoroughly and seeing that he is financially good. I happen to know, because I was in the fertilizer business for seven years myself, that is one reason why I know something about the inside of it. For this year, 1922, I have this company's two price lists covering the two territories; for the year 1921 I was not able to secure their Maine prices, because it is very difficult, but I have the prices at which fertilizer was sold in Maine that year, and I know for a fact, having been in very close touch with the business for seven years, that these firms all sold for exactly the same price in New Brunswick, and also for the same price in Maine.

The CHAIRMAN: That is, the chemicals?

Mr. CALDWELL: No, the mixed goods. You can sometimes get a little better price on chemicals from one firm than from another, but you cannot on mixed goods. In 1921, the difference per ton between Maine and New Brunswick was $15. That year there was exchange on the money, and that would account for some of it, but in the year 1922 there was no exchange. They simply profit by the duty on the fertilizer, and just here I want to make another point. I asked a witness here the other day how he would think the duty would affect the prices—.

The CHAIRMAN: Our tariff, item 663, provides, "Fertilizers, compounded or manufactured, not otherwise specified, 5 per cent British preferential tariff, 7½ intermediate tariff, and 10 per cent general tariff".

Mr. CALDWELL: Yes, that is the tariff coming from the United States. The chemicals, however, come in free of duty, and by the way, our Canadian manufacturers import most of their chemicals from the United States, and they mix them together and ship the product back to the United States at from $9 to $15 a ton cheaper than they sell to the Canadian people.

There is another point I wish to make; 10 per cent duty on an article costing $54.94 would only be $5.49, but here we find the difference in price is $7.37 for cash, or $9 on time, so that the difference in price is more than the duty.

The CHAIRMAN: Of course, a man must have his profit on the duty.

Mr. CALDWELL: Yes, but our manufacturers tell us they do not take advantage of the duty, and I want to prove that they do that, and charge a profit on it as well. In 1921, I will give you the cash prices for that year, I have them worked out here. I took three brands that year; the 4-8-4 Brand, cash price in Maine $58.12, cash price in New Brunswick $72.07, a difference of $13.95 in favour of Maine on that brand for that year. That is the cash price, the difference in the long time price was $15 a ton, because the 7 per

cent discount for cash makes a greater difference. The 5-8-7 was $70.45 in Maine and $84.40 in New Brunswick, or a difference of $13.95. The 4-8-6 brand was $63.01 in Maine and $76.96 in New Brunswick, or a difference of $13.95. You will notice another peculiar thing, Mr. Chairman, and that is that the higher the anaylsis of a fertilizer is, the more it costs, but there was just as much difference in the price of a ton of cheap fertilizer as there was in a ton of dear fertilizer, so that makes no difference here. It was so much a ton, whether it cost much or little. In 1921, you could buy the chemicals to make 4-8-6 brand, and that means freight paid, laid down at your station, under the same conditions as mixed fertilizer, the fertilizer for which the company charged $76.96 cash price, you could buy the chemicals for $50.62 per ton, freight paid, laid down at your station, which is a difference of $26.34 between the New Brunswick price of mixed fertilizer and the chemicals. Our farmers say they could mix that at a profit by charging $1 a ton, and the farmers are not buying large quantities of it now, because they will not be held up by these prices. At present, however, money is very scarce down there, due to the very hard times, and I think it is felt more in the potato-growing sections than anywhere in Canada, because during the last few years they have not got more than 50 per cent of the actual cost of growing potatoes. Due to that fact there are very few of them able to pay cash for their fertilizer, and they must buy the mixed goods, because you cannot get the chemicals on time.

Mr. ROBINSON: Mr. Caldwell are you saying American firms are selling fertilizer in New Brunswick?

Mr. CALDWELL: I think Mr. Chairman nearly all of the firms are branches of American firms; we may have one or two. What about the Nova Scotia firm is it an all Canadian firm?

Mr. ROBINSON: The Colonial. They are a branch of an American firm.

Mr. CALDWELL: What I was wondering was if they were American firms selling fertilizer in Maine and if these firms in Canada were branches. When we undertake to sell in Maine we would have to come in competition with American firms. The firm in Windsor I think, the Dominion Fertilizer Company is a branch of the American company. I know that particular one in Windsor is. They are competing against themselves and have competitors in nearly every State in the Union.

Mr. ROBINSON: They are called the Colonial Fertilizer in the States.

Mr. CALDWELL: They are carrying on five different companies in the same office under the one general manager and one set of book-keepers. There are five different companies and in one office in New Brunswick. I do not know whether they go under the same name in the United States or not; I think it is the Colonial but I am not positive.

The CHAIRMAN: Do not say if you are not clear about it.

Mr. CALDWELL: The present year No. 4-6-10 is selling in Maine for $44.07 and $49.75 in New Brunswick or a difference of $5.68; that is on exports.

The CHAIRMAN: Is it not in a short ton of 2,000 pounds?—A. Yes, and chemicals bought to mix at $28.04 a saving of $21.75 between the price of chemicals and the price of mixed goods as sold in New Brunswick, freight paid to the station. 5-8-7 sold in Maine for $5.84, New Brunswick $12.28, a difference of $6.44 out of the same thing. Chemicals can be bought for $31.10 or $2.44 less than the same brand mixed. 5-7-10 selling in Maine for $14.26, in New Brunswick for $20.40, a difference of $6.14. The chemicals can be bought laid down at the station to mix the brand for $36.44 or $21.96 less than you get the same chemicals mixed together for.

Mr. McKAY: How would you account for the difference in price of the American and Canadian?

Mr. CALDWELL: Because there is a duty on the mixed fertilizer coming in from the United States; there is no duty going back into the United States. I have the price list here for the various years. I had the price list of the American Chemical Company for Carlton County, attached to this, for this year.

The CHAIRMAN: It shows the same thing.

Mr. CALDWELL: Yes; then let us produce the Dominion Fertilizer Company.

The CHAIRMAN: We will produce that as Exhibit 66. This company will no doubt be taken by surprise in this evidence and it better be put on record that I had some correspondence with the company and of this evidence they were notified and I invited them if they desired to send a man to contradict it they might do so. They decided they would see what Mr. Caldwell said and then might ask to be allowed to make representations.

Mr. CALDWELL: I am afraid you will not see them; I would very much like to have them here. In putting these on file the prices on the price lists are the time price list. I have also a price list issued by the Agricultural Society of New Brunswick, of which I am a member, giving the price of chemicals. You will notice my prices work out on the sheet will not correspond. I took 7 per cent off for cash and added to the chemical sheets or put on the Agricultural sheets the price list of chemicals which included the amount we paid our men for handling. The price of chemicals is a little higher on my sheet than those quoted by the Agricultural Society.

The CHAIRMAN: In making your comparison you assure us your addition would be absolutely identical?—A. Yes.

The CHAIRMAN: We have Mr. Pedlow with us this morning.

Mr. CALDWELL: Before we leave this, in case the fertilizer firms do appear and I know about what their statement will be that we did not use the same standard to make up our different chemicals—they will claim we use for ammonia principally nitrate of soda which might be cheaper. I want to give you a list of what composed our ammonia and which is the same as they use.

The CHAIRMAN: If it is the same, why put it on record?

Mr. CALDWELL: It might be contradicted.

The CHAIRMAN: Wait until it is contradicted and then contradict the contradictor. The whole point of the matter is these gentlemen sell the same product very much cheaper in Maine than they do in New Brunswick.

Mr. CALDWELL: It comes out of the same bin practically.

The CHAIRMAN: Even if it comes out of different bins.

EXHIBIT No. 66

DOMINION FERTILIZER CO., LTD.
ST. STEPHEN, N.B.

New Brunswick Price List for 1921

Grade	Cash	100 Lb. Bags	167 Lb. Bags	Bbls.
Dominion Five-Eight-Seven	$83..47	$91.25	$90.75	$96.25
Dominion Four-Eight-Seven	.....	86.00	85.50	91.00
Dominion Four-Eight-Four	71.15	78.00	77.50	83.00
Dominion Four-Eight-Six	76.03	83.25	82.75	88.25
Dominion Three-Eight-Six	.....	78.00	77.50	83.00
Dominion Three-Eight-Four	.....	72.75	72.25	77.75
Dominion Two-Nine-One	.....	60.50	60.00	65.50

Discount on quantity orders furnished on request.

EXHIBIT No. 67

DOMINION FERTILIZER CO., LTD.
ST. STEPHEN, N.B.

New Brunswick Price List for 1921-22.

Grade	100 Lb. Bags	167 Lb. Bags	Bbls.
Dominion 4½-7-10	$70.75	$70.25	$74.75
Dominion 4-6-10	67.50	67.00	71.50
Dominion 5-8-7	70.25	69.75	74.25
Dominion 4-8-7	66.50	66.00	70.50
Dominion 3-8-4	59.00	58.50	63.00
Dominion 4-8-4	63.00	62.50	67.00
Dominion 3-9-1	56.75	56.25	60.75
Dominion 3-8-6	61.50	61.00	65.50
Dominion 4-8-6	65.25	64.75	69.25
Dominion 2-9-1	53.00	52.50	57.00

Discount on quantity orders furnished on request.

EXHIBIT No. 68

DOMINION FERTILIZER CO., LTD,
ST. STEPHEN, N.B

Maine Price List for 1921-22.

Grade	100 Lb. Bags	167 Lb. Bags	Bbls.
Dominion 4½-7-10	$61.75	$61.25	$65.75
Dominion 4-6-10	58.50	58.00	62.50
Dominion 5-8-7	61.25	60.75	65.25
Dominion 4-8-7	75.50	57.00	61.50
Dominion 4-8-4	54.00	53.50	58.00
Dominion 3-9-1	47.75	47.25	51.75
Dominion 4-8-6	56.25	55.75	60.25
Dominion 2-9-1	44.00	43.50	48.00

Discount on quantity orders furnished on request.

APPENDIX No. 3

Exhibit No. 69.

PRICE LIST OF FERTILIZER MATERIALS, 1922

Agricultural Society No. 126

F. S. Taylor, Secretary, Florenceville, N.B.

APPROXIMATE QUOTATIONS:

	Per Ton
Nitrate of Soda 18¼ per cent Ammonia	$67 00
Sulphate of Ammonia 25 per cent Ammonia	64 00
Tankage 10 per cent Ammonia, 15 per cent B. P. L.	51 50
Acid Phosphate 16 per cent Phosphoric Acid	26 00
Muriate of Potash 50 per cent K20	46 00

SUGGESTIONS FOR MIXING

225 lbs. Nitrate of Soda, 200 lbs. Sulphate of Ammonia, 100 lbs. Tankage, 900 lbs. Acid Phosphate, 280 lbs. Potash.

5-8-7—$34.90

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800 lbs. Nitrate of Soda, 225 lbs. Sulphate of Ammonia, 100 lbs. Tankage, 900 lbs. Acid Phosphate, 280 lbs. Potash.

5-8-7—$34.50

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200 lbs. Nitrate of Soda, 150 lbs. Sulphate of Ammonia, 100 lbs. Tankage, 700 lbs. Acid Phosphate, 400 lbs. Potash.

4-6-10—$32.25
5-7-10—$36.00
2-8-2—$21.40

Add 1½ per cent to these prices for Secretary's commission.

Make up your requirements and mail or phone to Secretary at once.

Exhibit No. 70

Cash prices of mixed fertilizers in Maine and New Brunswick, 1921; Also prices of chemicals to make the same brands in New Brunswick.

Analysis	Prices in Maine	Prices in New Brunswick	Difference	Chemicals for same analysis, in New Brunswick	
				Price	Saving
4-6-4	$58.12	$72.07	$13.95		
5-8-7	70.45	84.40	13.95		
4-6-8	63.01	76.96	13.95	50.62	26.34

EXHIBIT No. 71

CASH PRICES OF MIXED FERTILIZERS IN MAINE AND NEW BRUNSWICK, 1922; ALSO PRICES OF CHEMICALS TO MAKE SAME BRANDS IN NEW BRUNSWICK.

Analysis	Price in Maine	Price in New Brunswick	Difference	Chemicals for same analysis in New Brunswick.	
				Price	Saving
4-6-10	$54.94	$62.31	$7.37	$32.73	$29.58
5-8-7	56.50	64.67	8.17	35.02	29.65

EXHIBIT No. 72

CASH PRICES OF MIXED FERTILIZERS IN MAINE AND NEW BRUNSWICK, 1923; ALSO PRICES OF CHEMICALS TO MAKE SAME BRANDS, AND ANALYSIS IN NEW BRUNSWICK.

Analysis	Price in Maine	Price in New Brunswick	Difference	Chemicals for same analysis in New Brunswick.	
				Price	Saving
4-6-10	$44.07	$49.75	$5.68	$28.04	$21.71
5-8-7	46.41	52.54	6.13	31.10	21.44
5-7-10	48.26	54.40	6.14	32.44	21.96

EXHIBIT No. 73

GUY G. PORTER CO. LIMITED

Successor to

PORTER-MANZER-LIMITED

POTATOES

Perth, N.B., Canada,
March 15, 1921.

Hon. T. W. Caldwell, M.P.,
House of Commons,
Ottawa, Ontario.

Dear Sir:—

Complying with your request of the 4th instant, we are pleased to advise that fertilizer in Aroostook county, Maine, is selling at the present time as follows:—

	Bbls.	In Bags
4-8-4	$68.00 per ton	$62.50 per ton
5-8-4	$73.00 per ton	$67.50 per ton
5-8-7	$81.25 per ton	$75.75 per ton
4-8-6	$73.25 per ton	$67.75 per ton
4-8-7	$76.00 per ton	$70.50 per ton

These prices in barrels, $5.50 per ton less in bags, $1.50 per ton less in car lots, $3 less per ton in 250 ton lots. We have requested several Canadian companies to furnish us with their prices and as soon as we hear from them we will advise you, but we think that you are probably in a better position to secure their prices than we are.

Yours truly,

Guy G. Porter Co., Limited.

Maine prices.

APPENDIX No. 3

EXHIBIT No. 74

FLORENCEVILLE, N.B.
March 16, 1923.

T. W. CALDWELL, M.P.
Ottawa, Canada.

Dear Mr. CALDWELL.—Your letter received last night and while the Society has again split up and ordered their fertilizers from our local buyers I succeeded in getting their prices cut to the following prices:

Nitrate of Soda	$66 75
Sulphate of Ammonia	74 00
Ground Tankage	59 75
Acid Phosphate	17 75
Muriate of Potash	37 25

Now 5-8-7 made up as follows,—225 pounds nitrate of Soda, 200 Sul. of Amm., 100 pounds Tank, 900 Acid phos., 280 potash.

Price $31.10.

5-7-10

225 pounds	Nit. Soda	$ 7 50
200 "	Sul. Amm	7 40
100 "	Tank	2 99
800 "	Acid Phos	7 10
400 "	Potash	7 45
	Total	$32 44

4-6-10

175	Nit. Soda	$ 5 84
150	Sul. Amm	5 55
100	Tank	2 99
700	Acid Phos	6 21
400	Potash	7 45
	Total	$28 04

4-8-4 Price $23.57

2-8-2 Price $17.40

Now 3-9-10.

150 pounds	Nit. of Soda	$ 5 00
100 "	Sul. of Amm	3 70
100 "	Tankage	2 99
1,050 "	Acid Phos	9 32
400 "	Potash	7 45
	Total	28 46

Of course you know these prices are all Cash.

I have tried to make these formulas as accurate as I could as I know the Co's. would make them just as exact and in some cases no doubt under what they should be. I could have given you a still better price by purchasing from two Co's. For comparison McCain sold Tankage for $47 per ton and Nitrate Soda for $63 per ton so if you wish to make a still greater dif-

ference why you can use them figures on those two ingredients. It would make $1 on mixture. I rec'd your copy of what you make mention of but have not had time to read it so far. I also rec'd Mr. Baxter speech. Many thanks keep us posted, and I hope you can succeed in getting prices down where they should be as mixed prices are prohibitive. Am enclosing the Dominion list.

Sincerely
F. S. Taylor.

EXHIBIT No. 75

CONSIGNMENT CONTRACT

THE AMERICAN AGRICULTURAL CHEMICAL COMPANY

Boston Sales Department, 92 State Street, Boston, Mass.

ARSTOOK COUNTY

.....192....

To.....of

Town..... County..... State.....

Mail Address..... County..... State.....

R. R. Station..... County..... State.....

Arrive by.....Railroad

We hereby appoint you an agent at.....for the sale on commission of our fertilizers of the following named brands on the following terms and conditions, and in such quantities as may be mutually agreeable.

Order		Brands	Ammo.	Av. Phos. Acid	Potash	Price per ton of 2,000 lbs. at your railroad station	
Tons	Size Package					In Bbls.	In new or second hand 100-lb. bags
a.....	.....	Great Eastern Superior Potato Grower.....	4	8	4	$48 50	$44 50
b.....	.....	Great Eastern Potato Special.....	4	8	7	50 70	46 70
c.....	.....	Great Eastern High Grade Potato Manure..	4	6	10	51 35	47 35
d.....	.....	Great Eastern Northern Maine Potato Special.....	5	8	7	54 40	50 40
e.....	.....	Great Eastern Leader.....	5	7	10	55 85	51 85
f.....	.....	.....	.....	.....	.....	.....	.....
g.....	.....	.....	.....	.....	.....	.....	.....
h.....	.....	.....	.....	.....	.....	.....	.....

Goods in 167 lb. bags 50c per ton less, or in 200 lb. bags 75c per ton less than 100 lb. bags.

APPENDIX No. 3

EXHIBIT No. 76

CONSIGNMENT CONTRACT

THE AMERICAN AGRICULTURAL CHEMICAL COMPANY

Boston Sales Department, 92 State Street, Boston, Mass.

CARLETON COUNTY

.....192....

To.....of

Town..... County.....N.B.

Mail Address..... County.....N.B.

R. R. Station..... County.....N.B.

Arrive by.....Railroad

We hereby appoint you an agent at.....for the sale on commission of our fertilizers of the following named brands on the following terms and conditions, and in such quantities as may be mutually agreeable.

Order		Brands	Nitrogen	Equal to Ammonia	Av. Phos. Acid	Potash	Price per ton of 2,000 lbs. at your railroad station in carload lots	
Tons	Size Package						In Bbls.	In new or second hand 100-lb. bags
a.....	.....	.....	3·29	4	6	10	$58 00	$54 00
b.....	.....	.....	4·11	5	8	7	61 00	57 00
c.....	.....	.....	4·11	5	7	10	63 00	59 00
d.....	.....	.....	.....	.....	.....	.....	.....	.....
e.....	.....	.....	.....	.....	.....	.....	.....	.....

Goods in 167 lb. bags 50c per ton less, or in 200 lb. bags 75c per ton less than 100 lb. bags.

ISAAC ELLIS PEDLOW called, and made affirmation.

By the Chairman:

Q. You are a merchant I understand?—A. Yes.

Q. What sort of business do you conduct?—A. Departmental store.

Q. Chiefly confined to Dry Goods?—A. Yes.

Q. You do not handle boots and shoes?—A. No.

Q. Or groceries?—A. No.

Q. You carry on business in the town of Renfrew?—A. Yes.

Q. What was your average turnover for the last four or five years roughly?—A. About $105,000.

Q. You were born in the north of Ireland?—A. Yes.

Q. You got your education there and served your apprenticeship and came out to this country as a young man years ago?—A. I served my apprenticeship in the City of Dublin and came to this country in 1883.

Q. Establishing yourself in Renfrew?—A. First in Kingston and afterwards in Renfrew.

Q. You went to Kingston and served in a store there?—A. Yes, employed there.

Q. Worked in a store?—A. Yes, a two year term I think.

Q. And then went to Renfrew?—A. Yes.

Q. We are interested in comparing the financial or economical position of the farmer in 1913 and to-day. You have kindly prepared a statement of comparative prices of cotton goods for 1913 and 1923. We will produce

this statement in the record as Exhibit No. 77. Exhibit No. 77 shows in the first column the prices that were paid the wholesaler; what prices are these? —A. They are the manufacturer's prices. In some cases the price quoted will be less discount to the wholesale or jobbing trade for reselling, that is to say the manufacturer in some cases issues a price list of selling prices for the jobber or wholesaler.

EXHIBIT No. 77

COMPARATIVE STATEMENT OF PRICES OF COTTON GOODS, 1913-1923

	Spring, 1913	Spring, 1923
A. C. A. Ticking	·17	·39
8 oz. Denim	·15½	·35
35/36" Stripe Flannelette	·06¾	·17
D. 10 White Saxony Flannelette	·07	·17¾
Ibex 12/4 Flannelette Blankets (Textile)	1·25	2·35
Grain Bags, X, 2 bus., per 100	25·00	41·50
27" Dress Gingham	·07	·16
B. 25 Bleached Cotton, 25"	·04½	·08¼
S. 43 " 36"	·09½	·18½
8 oz. Grey Cotton Duck, 29/30	·14½	·27½
8/4 Bleach Sheeting, Best Plain	·27½	·49⅞
Heavy Cir. 40" P. Cotton	·15⅝	·28¾
White Quilts, 60 x 84	·75	1·35
Bengal Cotton, 36"	·06	·11⅞
Grey Cotton, 36'	·11⅞	·21¼

Canadian Cottons, Ltd.	Montreal Cottons	Wabasco Coy.
Dominion Textile	Empire Cottons	

Q. The comparison would be just, would it not. This would obtain in both years?—A. It has to be as it is from the price list compiled by the manufacturers.

Q. Mr. Pedlow we note these prices have increased almost twice in some cases, in some cases not quite twice but in most cases more than twice; now in connection with all the goods that you sell, what would you say was the increase in price this spring over the spring ten years ago?—A. Taking this list as a basis, and I think it fairly well represents commodities handled by me, a moderate estimate would be at least twice.

Q. Therefore if a lady goes in a store to-day with a twenty dollar bill—goes into your store to-day with a twenty dollar bill,—she cannot buy any more than she could have bought with a ten dollar bill ten years ago?—A. In my judgment she could not buy as much.

Q. She could not buy as much?—A. No, possibly she would require $25 to buy as much to-day as she could ten years ago for $10; that is on the average.

Q. On the average certain goods will have increased more and certain will not have increased as much?—A. Yes.

Q. I understand if she went in with a $20 bill desiring to buy a number of different articles she would not get any more than half as much as she could have got with a $10 bill ten years ago?—A. Certainly not.

Q. You keep in close touch with your own business?—A. I manage it myself do the buying myself and the marking of the prices on the merchandise.

Q. Now in your buying of goods have you come across a practice which we are inclined to believe is prevalent of price fixing by manufacturers and others?—A. Yes. The prices are fixed by the manufacturer in many cases at which the goods must be sold by the jobber to the retailer and in the event of

these prices not being maintained by the jobber or wholesaler he will lose his discount from the list price which is the entire profit, and will incur the further possibility of being shut off the manufacturer's list.

Q. Take the Canadian cottons. What goods do they sell on list prices less discount?—A. The Canadian Cotton Company sell ginghams, galateas and flannelette blankets, at list prices less discount.

By Mr. Caldwell:

Q. I find very much difficulty in the evidence, in reading it over immediately after that the points are not clearly brought out in connection with some of the facts. I would like to ask the question—you say that if this wholesaler does not maintain the price set by the manufacturer he is liable to be struck off the jobber's list?—A. Yes.

Q. Would that mean he would not be able to buy from other manufacturers as well as this one?—A. I presume so.

Q. It would not only apply to this one commodity?—A. They would cease to supply him altogether.

Q. He would cease to have the privilege of buying as a jobber from the—A. Manufacturer.

Q. Not only this commodity but others?—A. All the goods that they produce.

By Mr. Robinson:

Q. From any other manufacturer?—A. Any other manufacturer in the same line.

By the Chairman:

Q. Now these ginghams and flannelette blankets are they matters of large consumption?—A. They are very generally used in every home.

Q. Your trade will be with the farmers who surround Renfrew to a large extent?—A. Yes.

Q. Have you noticed any similarity of prices charged by all those with whom you have come into contact as manufacturers or wholesalers in respect to flannelette blankets?—A. Yes, they are identical,

Q. No matter whether they come from the Canadian Cotton Limited or Dominion Textile manufacturers?—A. Yes. Flannelette blankets are manufactured by the Canadian Cottons Limited and the Dominion Textile Limited. When the prices change with one firm they change with the other.

By Mr. McKay:

Q. Separate and distinct firms from the one standpoint?—A. I am not in a position to say how far they are interlocked; they are very distinct organizations in business.

Q. Do you say the change in price in flannelette blankets occurs precisely at the same time?—A. Yes, identically.

Q. Take the Dominion Textile Manufacturer of flannelette blankets; they sell their flannelette blankets on the list price less discount?—A. Yes.

Q. Will you tell what other lines this company sells in the same manner?—A. That is to say the Dominion Textile?

Q. Yes.—A. They sell on list price to the jobber less discount, prints, wash goods, printed duck, twills, steel clad galateas; I think this is the complete ranges that they have listed.

Q. These are all goods of wide consumption?—A. Yes, and are sold through the jobber or wholesaler to the retail trade at prices set by manufacturers.

Q. Take another company, the Canadian Cottons Limited, what do they sell?—A. Cotton goods and eiderdowns.

Q. Do they sell in the same manner?—A. Yes, they are sold in exactly the same manner.

Q. If these list prices are not abided by what happens?—A. The firm is shut off the list of jobbers.

By Mr. McKay:

Q. Does that apply to your retail price?—A. It has no bearing on the retail price.

Q. You can sell for what you like?—A. Yes, on these particular commodities.

By the Chairman:

Q. Leaving the textiles; have these gentlemen any question about textiles to ask. Leaving textiles have you ever seen any evidence of price fixing or combines in respect to collars?—A. Yes, I have evidence here of the fact.

Q. What was the name of the collar you had this experience with?—A. The Arrow Brand Collars manufactured by Cluett, Peabody Co., of Montreal.

Q. Tell us the story will you?—A. These are sold direct by the manufacturer to the retail trade and the prices, wholesale and retail, which are set by the manufacturer, change automatically.

Q. When you say change automatically do you mean to say all the manufacturers send out notice telling of changes about the same day?—A. Yes, all exactly the same date.

Q. Give us evidence of that?—A. I might explain, Mr. Chairman, that the evidence I have is two or three years old but the same system prevails to-day. The firm that I was obtaining my supplies from of collars, declined to supply me further because I refused to maintain the price set by them on their product.

Q. Were you asking more or less for the collar?—A. The price they set was 25 cents each and I sold them at 20 cents each or three for 50 cents, the same price they were being sold for in the United States.

Q. Made by an allied company?—A. Made by the Cluett Peabody; same firm.

By Mr. Caldwell:

Q. Had you been charging 30 cents a piece do you think there would have been any kick?—A. Absolutely none. They sent out a notice and here is one and on the same day, the same year I got one from W. G. & R., another firm. I have not got the Tooke Brothers notice with me. They also sent out notices at the same time, also in the identical same words notifying the retailer of the change in price, wholesale and the retail.

Q. Would that mean you would have to raise the price on the stock you would then have on hand?—A. Undoubtedly so. You have to maintain the price named by the manufacturer.

Q. The manufacturer's price went up and ordered you to put your price up to 25 cents, you would have to charge that price on the collars you had in stock?—A. Automatically the day you received notice it is incumbent upon you to change the price.

Q. Even on the goods you had on hand?—A. Yes, if the price was a reduction you would have to change to the lower price.

By Mr. Robinson:

Q. Do they send out notice of the reduction in price?—A. Yes, of any change up or down.

By Mr. Caldwell:

Q. Suppose you had quite a large stock on hand and they ordered you to cut the price, do they protect you?—A. No protection whatever. I never received any.

By Mr. Elliott:

Q. Have there been any reductions in the price lately?—A. The price on collars, take for instance the notice I have of January 2, 1920, the wholesale price is quoted at $2.60. Retail 35c. each.

By the Chairman:

Q. Per dozen?—A. Yes, and the retail price is 35 cents each, or 3 for a dollar; now the price to-day is $1.90 per dozen and the retail price is 25 cents each. That retail price is named by the manufacturer which must be maintained.

Q. You took the bother of finding out what the wholesale and retail prices of the United States in the same collar are. You can give them to the Committee?—A. I might say the name of my correspondent is confidential. This is general information but I cannot disclose my correspondent's name.

Q. You have no doubt the information you are giving us is correct?—A. Absolutely correct; I had it in writing. It is from a friend in the city of New York. I wrote him the time I had the difficulty with Cluett Peabody for information as to the wholesale and retail prices there.

By Mr. Caldwell:

Q. Your correspondent is a man in a position to know?—A. Yes, absolutely. The price wholesale—he got this information direct from the Arrow people, and it is $1.60 per dozen, and at the same time the price in Canada was $1.90 per dozen.

By Mr. McKay:

Q. The same collar?—A. Same quality and brand.

By Mr. Caldwell:

Q. The same quality?—A. I am assured by the manufacturer in Canada it is made from the same material and imported from their own manufacturer in the United States and imported into Canada. It is made from the same cloth and his further information to me is they manufacture them under cheaper conditions in Canada than in the United States.

By Mr. Caldwell:

Q. Any duty on the material?—A. There is a duty but they get a special rate; that is just on the raw material.

By the Chairman:

Q. That would be cotton?—A. Yes. I think it is 17½ per cent for manufacturing purposes, they obtain a special rate.

By Mr. CALDWELL: The amount of duty on material entering into the collar would be infinitesimal.

By the Chairman:

Q. The collars are finished here?—A. I might say further in this correspondence, from the inquiries made by my correspondent, and he obtained the information that in the United States the price is $1.60 per dozen. That is to say the wholesale price.

By Mr. Hammell:

Q. Would not the material, the outside of the collar, might not that be linen?—A. In Canada collars are made out of cotton, and to a large extent in the States and nothing else but cotton.

Q. The Old Country collars are made with linen?—A. Yes, but not in every instance.

By Mr. Robinson:

Q. Our linen collars are made out of cotton?—A. Yes, they laundry better. Frost is harder on the linen than on the cotton, consequently the cotton collar will last longer.

By Mr. Caldwell:

Q. The linen breaks easily?—A. Yes.

By the Chairman:

Q. Passing from collars will you touch on hosiery; tell us your experience with hosiery?—A. I had an experience with a firm in Montreal who were selling agents for Niagara Maid silk hosiery.

Q. Maid being spelt M-A-I-D?—A. Yes. A certain brand, No. 100, I purchased a quantity at $16 per dozen less 4 per cent discount, and marked these at my normal rate of profit at $1.75 per pair, about a third profit for retailing. A competitor of mine who buys the same line of merchandise had the same line marked $2.00, and he wrote to the firm complaining about me underselling and the result was the firm declined to supply me any further.

Q. You were making a good reasonable profit?—A. Quite sufficient for my business—ample.

Q. Mr. Pedlow you have been able to get along fairly well in life from a financial standpoint?—A. I have no reason to complain.

Q. You did not inherit any money?—A. Not a dollar.

Q. Anything you have got has been made by efficient business principles which you adopted in this case?—A. Yes, certainly.

Q. Any way you were not charging a big enough spread to satisfy the manufacturer and they would not allow you any more goods?—A. The other man complained, he said he could not do business and make enough money selling at the same price as I did, consequently the wholesale firm refused to sell me any further.

Q. You were not charging a big enough profit?—A. No. Not to suit them.

By Mr. Caldwell:

Q. This manufacturer fixed the price when you bought the goods?—A. No, he said nothing to me until the complaint was made by my competitor.

Q. You bought the goods and paid for them?—A. Yes.

Q. Without any understanding?—A. Yes.

Q. Later they refused to supply you any further?—A. Yes. When they found out I was selling lower than my competitor in Renfrew they cut me off and refused to sell additional supplies.

By Mr. Gardiner:

Q. Has the witness finished with his collars, Mr. Chairman?

By the Chairman:

Q. We can take it for granted that the story he has told us is correct; did you get any more collars?—A. They refused to supply me.

By Mr. Milne:

Q. I would like to ask if they were the only concern manufacturing collars?—A. There are only two in Canada at the present time.

Q. You could not buy from the other?—A. I fancy I could have bought from the other but I didn't try. Then I am up against the same proposition, they also had a price set.

By Mr. Clifford:

Do you buy directly from the manufacturers or through the jobbers?—A. Some goods—merchandise like collars and shirts they are sold by the manufacturer direct to the retail trade, but take other goods, other stocks of merchandise such as cotton goods they are sold only through the jobber and wholesale firms and the large retailer.

By Mr. Caldwell:

Q. You spoke of shirts being sold by the manufacturer to the retailer; does that apply to dress shirts or working shirts?—A. Any kind of shirts.

Q. Does that apply to underclothing?—A. Yes, underclothing also is sold to a large extent but not altogether, by the manufacturer to the retailer.

By Mr. Clifford:

Q. Do I understand you to say they fix the price at which you must retail the goods?—A. In shirts they are not as standard in appearance as collars and you cannot standardize a garment of that kind.

Q. Take the case of ducking for instance and flannelette.—A. Those are standard goods.

Q. They fix the price at which they must be sold?—A. By the wholesaler or jobber to the retailer and unless the price is maintained they will refuse to supply further; the wholesaler will lose the trade discount which is his profit.

By Mr. Robinson:

Q. Do these collars have names, what you might call trademark?—A. They are all branded by the manufacturers, branded like the Arrow Brand.

Q. They advertise a certain brand?—A. Yes.

Q. Do they advertise a certain price?—A. Yes, the retail price.

Q. They advertise that?—A. Yes, take up any daily paper and you will find Arrow collars advertised in Canada at 25 cents each; in the United States you will find the same collar at 20 cents each, or 3 for 50c.

By Mr. Caldwell:

Q. That advertising is done by the manufacturer?—A. In that case it is, unless it is over the name of some retailer.

By Mr. Clifford:

Q. I do not know whether you stated, have you evidence to show that these prices are fixed by the manufacturer in consultation with each other?—A. Well, I would be inclined to conclude as a matter of evidence, receiving documents of this kind on the same date and also in the same wording, giving the same price that there must be an understanding of some kind.

By the Chairman:

Q. You do not think that was a mere coincidence?—A. I cannot get myself to believe that.

By Mr. Caldwell:

Q. Would it be possible for one manufacturer to compel his retailer to sell at a certain price if others were not maintaining that price; if others were selling under he would not be selling any goods at all?—A. No. The independent operation was carried on up to a few years ago, when an understanding, at least, was arrived at by which the prices were fixed, both wholesale and retail.

The CHAIRMAN: I wish to interrupt a moment. The main Agricultural Committee meets at eleven o'clock, and I do not wish to keep this Committee in session. We will adjourn until four o'clock. Before you go, I may say that I have received a telegram from Mr. Sidney Anderson, who was the chairman of a joint Committee of a similar nature of the Senate and the House of Representatives, who examined into agricultural conditions in the United States. Mr. Anderson is coming here on the 25th. Mr. King is also coming on the 25th. We should have Mr. Gagnon next week. We are anxious to get finished up with some points next week; I feel that we should terminate our work along some of these lines by the end of next week anyway, and we must therefore proceed faster. We will therefore adjourn now until four o'clock this afternoon.

The Committee adjourned until 4 p.m.

Afternoon Session

4 p.m.

The Special Committee appointed to inquire into Agricultural Conditions throughout Canada resumed at 4 p.m., Mr. McMaster, the chairman, presiding.

The CHAIRMAN: Members of the Committee, I would like if possible to let Mr. Pedlow go a few minutes before 5 o'clock, so that he may catch his train for Renfrew. With your permission, I will take him over the ground which I have gone over with him, and then there may be time to question him.

Mr. PEDLOW recalled.

By the Chairman:

Q. Mr. Pedlow, you have some information to give to the Committee, regarding congoleum rugs where the price is fixed by the manufacturers?—A. I have pleasure in presenting to the Committee, a printed price list that is issued by this concern, the Congoleum Company of Canada, Limited. The price list sets forth the wholesale price, f.o.b., at the factory at Montreal, and the consumers' price, that is to say, the retail price at which their product must be sold by retailers.

The CHAIRMAN: I think we will file that list as Exhibit 78.

APPENDIX No. 3

EXHIBIT No. 78

GOLD SEAL CONGOLEUM GUARANTEE

Satisfaction guaranteed etc.

THE GOLD SEAL IS A POSITIVE PLEDGE OF SATISFACTION

Confidential Price List Effective December 1, 1921

GOLD SEAL CONGOLEUM ART RUGS

Size in Feet	Wholesale Price F.O.B. Factory	Consumers Price	Packed	Approximate Shipping Weights
1½ x 9	$ 1 50	$ 2 25	Six Rugs to	50 lbs.
3 x 9	3 00	4 50	a Carton	15 "
4½ x 9	4 50	6 75	Individually	20 "
6 x 9	6 00	9 00	"	24 "
7½ x 9	7 50	11 25	"	32 "
9 x 9	9 00	13 50	"	36 "
9 x 10½	10 50	15 75	"	42 "
9 x 12	12 00	18 00	"	48 "

GOLD SEAL CONGOLEUM FLOOR COVERING

2 yards wide	55c.	85c.	About 60 sq. yds. per Roll	225 lbs.

SMALL CONGOLEUM RUGS

1½ x 3	$ 0 30	$ 0 50	60 to a crate	94 lbs.
3 x 3	0 75	1 15	30 "	102 "
3 x 4½	1 15	1 75	Individually	8 "
3 x 6	1 50	2 25	"	10 "

MADE IN CANADA—BY CANADIANS—FOR CANADIANS

CONGOLEUM COMPANY OF CANADA, LIMITED
1270 ST. PATRICK STREET, MONTREAL

WITNESS: I would just like to add in that connection that these people are very anxious that goods made in Canada, by Canadians should be used by Canadians, but I find that in the printing of their advertising matter, they are such patriotic Canadians that they have it done in the United States.

By the Chairman:

Q. Have you noticed that in connection with other people of the same sort? —A. The same exactly obtains in regard to the Arrow collars concern. They have a large proportion of their advertising printed in the United States.

Q. There is the Dominion Oilcloth Company. Do they set prices for the wholesaler, less a discount?—A. They issue a printed price list in the same manner as the textile people, and the coloured cotton people, for the guidance of the wholesale trade. That is to say, the wholesale trade must follow the prices indicated on this price list. This (indicating document) is a copy of it. It is public property; there is nothing private about it. It is supplied by the manufacturers for the controlling of prices from the wholesaler to the retailer.

Q. What will happen to the wholesaler if he breaks that price?—A. The same as would happen in the case of other manufacturers; they would just cease to supply the merchandise if he did not maintain the prices indicated by them, and the wholesaler would lose the profit.

Q. In order to demonstrate the pyramiding of customs tariff and sales tax, there has been prepared under your direction or by you, in collaboration with others, a memorandum, copies of which I now hand to the members of the Committee showing the pyramiding of the sales tax and customs duty in connection with importation. The first memorandum will be filed as Exhibit 79.

Memorandum filed and marked Exhibit 79.

EXHIBIT No. 79

Memorandum produced with evidence of Isaac E. Pedlow showing pyramiding of customs tariff and sales tax.

We take the case of a wholesale merchant in Canada who imports from the United States a bill of goods of the price of $100.00, on which the duty is 35 per cent. He sells at an ordinary trading profit of 25 per cent to the retailer, who in turn resells it to the ultimate consumer at a further trading profit of 33 1-3 per cent.

The goods when imported cost the wholesaler, $145.00, made up as follows:

Invoice Price of Goods	$100 00
Duty on same	35 00
Sales Tax of 3¾ per cent on invoice price plus duty	5 06
Freight and Packing	5 00
Total	$145 06
When the Wholesaler sells he adds a trading profit of 25 per cent on the laid down cost, i.e. 25 per cent on $145.06, viz	$ 36 26
To which he adds on the invoice a sales tax of 2¼ per cent, or	4 08
Cost to the Retailer	$185 40

This $185.40 is made up of the following items:

Invoice price of goods plus 25 per cent profit (or $25)	$125 00
35 per cent duty plus 25 per cent profit thereon ($8.75)	43 75
Freight and Packing plus 25 per cent profit ($1.25)	6 25
1st sales tax of $5.06 plus 25 per cent thereon ($1.26)	6 32
Sales tax on 2¼ per cent on $181.32	4 08
Total	$185 40
The selling price of the wholesaler, or purchasing price to the retailer is therefore	$185 40
To which he adds a trading profit of 33⅓ per cent	61 80
Making the cost to consumer	$247 20

This price of $247.20 to the consumer is made up of the following.

Price of goods.

APPENDIX No. 3

This price of $247.20 to the consumer is made up as follows:

Price of goods		$100 00
Wholesaler's profit of 25 per cent		25 00
Plus retailer's profit of 33⅓ per cent on $100 plus $25.		41 67
		$166 67
Duty 35 per cent wholesaler's profit of 25 per cent ($8.75) plus retailer's profit of 33⅓ per cent on duty 35 per cent plus profit on duty $8.75 or $14.60 equals	$35 00	
	8 75	
	14 60	
		$ 58 35
Freight and Packing plus wholesaler's profit of 25 per cent ($1.25)	$ 6 25	
Plus retailer's profit of 33⅓ per cent on $6.25 equals	2 09	
		$ 8 34
Sales Tax paid by wholesaler on price, plus duty		5 06
Wholesaler's profit of 25 per cent		1 26
Plus retailer's profit of 33⅓ per cent on $6.32		2 12
Sales Tax paid by retailer on sale from wholesaler to retailer		4 05
Plus retailer's profit of 33⅓ per cent		1 35
		$247 20
Therefore goods and profits on goods	$166 67	
Freight and Packing and profits on same	8 34	
Duty and Profits on duty	58 35	
Sales taxes and profits on same	13 84	
		$247 20
In respect to sales tax, the Treasury gets	....	$ 9 11
The Consumer pays	$13 84	
In respect to duty, the Treasury gets	....	35 00
The Consumer pays	56 10	
	$69 94	$44 11

The total imposts therefore on goods whose prime cost was $100, amounts to $69.94, or almost 70 per cent.

The CHAIRMAN: It deals with the case of a wholesale merchant in Canada, who imports from the United States a bill of goods of the price of $100, on which the duty is 35 per cent. He sells at an ordinary trading profit of 25 per cent to the retailer, who in turn resells to the ultimate consumer at a further trading profit of 33⅓ per cent. Will you read this memorandum to the Committee, Mr. Pedlow?

WITNESS: From where you left off?

The CHAIRMAN: Yes.

[Mr. I. E. Pedlow.]

WITNESS: (Reads):—

"The goods when imported cost the wholesaler $145 made up as follows:—

Invoice price of goods	$100 00
Duty on same	35 00
Sales Tax of 3¾ per cent on invoice price plus duty	5 06
Freight and packing	5 00
	$145 00
When the wholesaler sells he adds a trading profit of 25 per cent on the laid down cost, i.e. 25 per cent on $145.06, viz:	36 26
to which he adds on the invoice a sales tax of 2¼ per cent, or	4 08
Cost to the retailer	$185 40

"This $185.40 is made up of the following items:—

Invoice price of goods plus 25 per cent profit (or $25)	125 00
35 per cent duty plus 25 per cent profit thereon ($8.75)	43 75
Freight and packing plus 25 per cent profit ($1.25)	6 25
1st sales tax of $5.06 plus 25 per cent thereon ($1.26)	6 32
Sales tax of 2¼ per cent on $181.32	4 08
	$185 40
The selling price of the wholesaler, or purchasing price to the retailer is therefore	$185 40
to which he adds a trading profit of 33⅓ per cent	61 80
Making the cost to consumer	$247 20

"This price of $247.20 to the consumer is made up of the following:—

Price of goods		100 00
Wholesaler's profit of 25 per cent		25 00
Plus retailer's profit of 33⅓ per cent on $100, plus $25		41 67
		$166 67
Duty 35 per cent plus wholesaler's profit of 25 per cent ($8.75), plus retailer's profit of 33⅓ per cent on duty 35 per cent, plus profit on duty $8.75, or $14.60 equals	$35 00 8 75 14 60	58 35

Freight and packing plus wholesaler's profit of 25 per cent ($1.25)	$ 6 25	
Plus retailer's profit of 33⅓ per cent on $6.25, equals	2 09	
		$ 8 34
Sales Tax paid by wholesaler on price plus duty.		5 06
Wholesaler's profit of 25 per cent		1 26
Plus retailer's profit of 33⅓ per cent on $6.32		2 12
Sales Tax paid by retailer on sale from wholesaler to retailer		4 05
Plus retailer's profit of 33⅓ per cent		1 35
		$247 20
Therefore goods and profits on goods	$166 67	
Freight and packing and profits on same	8 34	
Duty and profits on duty	58 35	
Sales Taxes and profits on same	13 84	
	$247 20	
In respect to sales tax, the Treasury gets		9 11
The consumer pays	13 84	
In respect to duty, the Treasury gets.		35 00
The consumer pays	56 10	
	$ 69 94	$ 44 11

The total imports therefore on goods whose prime cost was $100, amounts to $69.94, or almost 70 per cent."

This is the first operation, which is the most simple operation possible, I think, that it is import by the wholesaler or commission agent and a sale direct to the retailer.

By Mr. Elliott:

Q. Mr. Pedlow, just in connection with this procedure, I would gather that this sales tax has been pyramided on and on?—A. Yes.

Q. And the consumer pays that tax over and over again?—A. No, they pay directly on the amount. The consumer pays in this statement the sales tax twice but the profits have been pyramided on that, and that shows the discrepancy between the amount paid to the Treasury and the amount paid by the consumer.

Q. In importing these goods I understand the sales tax is collected plus the duty?—A. Yes, and in some cases plus the duty and the exchange.

The CHAIRMAN: The law is you pay a duty not on what the vendor invoiced the goods to you at. You pay your sales tax on the amount the vendor invoiced the goods to you at, plus the duty you pay the Crown.

By Mr. Elliott:

Q. I am not quite clear as to this sales tax. In the first item, we notice a sales tax of 3¾ per cent on invoice price, plus duty, $5.06, to which he adds goods to make up a total of $185.40. We find a sales tax of 2¼ per cent.

The CHAIRMAN: Is not the profit on the sales tax?

Mr. ELLIOTT: To which he adds on the invoice a sales tax of 2¼ per cent.

The WITNESS: That is, when the wholesaler sells to the retailer, he adds a sales tax on the invoice, of 2¼ per cent. This is the second operation of the sales tax. That is the only case, except where in figuring out the details we add it on to the items so as to show the actual amount paid by the consumer in sales tax, when it becomes pyramided.

By Mr. Gardiner:

Q. The sales tax is entered at two different points?—A. Yes.

The CHAIRMAN: As the first point is somewhat removed from the consumer, there is an intervening party, the man who originally paid the sales tax; he must get a profit on it which he gets when he passes it along. If you would not mind postponing discussion on this for a moment, I have a memorandum here which I will produce as Exhibit 80, which illustrates the case in which goods are imported by a wholesaler, then sold to a manufacturer, then from the manufacturer to the retailer, and then from the retailer to the consumer.

By Mr. Munro:

Q. What is the number of the Exhibit?

EXHIBIT No. 80

The CHAIRMAN: This is a memorandum, showing the manner in which tariff and sales tax pyramid in case of importation of goods by a wholesaler, who, in turn, sells the goods to a manufacturer, who, in turn, sells the goods when manufactured, to a retailer, who, in turn, sells to the consuming public.

"A wholesaler in Montreal imports from the United States a bill of goods to the value of $100.00, on which the duty is 35 per cent. He sells to the manufacturer at an ordinary trading profit of 25 per cent, which manufacturer makes it up into garments, and disregarding labour, re-sells the goods in manufactured form, at a profit of 33⅓ per cent, to the retailer, who re-sells at a further trading profit of 33⅓ per cent to the consumer.

"The goods when imported cost the wholesaler $140.06, made up as follows (disregarding freight, packing, duty on packing, etc.):—

Invoice price of goods	$100 00
Duty on same	35 00
Sales Tax (3¾ per cent on invoice price plus duty)	5 06
	$ 140.06

"When the wholesaler sells to the manufacturer, he adds 25 per cent on the laid down cost, which makes the selling price to the manufacturer $140.06, plus $35.01, or $175.07, to which the wholesaler has to add by law to his invoice sales tax of 2¼ per cent, or $3.93, making the cost to the manufacturer, $179.00.

"This $179.00 is made up of the following items:—

Invoice price	$100 00
Profit on invoice price	25 00
35 per cent duty plus 25 per cent profit on same	43 75
First sales tax of $5.06 plus 25 per cent profit	6 32
Sales tax on sale from wholesaler to manufacturer ($2\frac{1}{4}$ per cent on $175.07)	3 93
	$179 00

"The cost price to the manufacturer is, therefore, $179.00. To this the manufacturer adds (exclusive of labour) a profit of $33\frac{1}{3}$ per cent, or $59.66. He also charges a sales tax of $4\frac{1}{2}$ per cent on $238.66 ($179.00 plus $59.66), or $10.74, making the cost to the retailer $249.40.

"This price is made up of the following items:—

Invoice price of goods	$100 00	
Profit of 25 per cent on same	25 00	
Manufacturer's profit	41 66	
Duty	35 00	
Wholesaler's profit of 25 per cent on duty	8 75	
Manufacturer's profit of $33\frac{1}{3}$ per cent on duty plus wholesaler's profit on duty, or on $43.75	14 58	
First sales tax	5 06	
Wholesaler's profit on sales tax	1 26	
Manufacturer's profit of $33\frac{1}{3}$ per cent on first sales tax and wholesaler's profit, or $33\frac{1}{3}$ per cent of $6.32	2 11	
Second sales tax of $3.93, plus profit on sales tax at $33\frac{1}{3}$ per cent ($1.31)	5 24	
Third sales tax of $4\frac{1}{2}$ per cent on the cost to the retailer	10 74	
		$249 40

"On the resale of these goods to the consumer, the retailer adds his trading profit of $33\frac{1}{3}$ per cent. He adds, therefore, to the cost to him, $249.40, $\frac{1}{3}$ of this, or $83.13, making the cost to the consumer $332.53, which we may dissect as follows:—

Goods:—

Invoice cost of goods	$100 00	
Wholesaler's profit on invoice cost	25 00	
Manufacturer's profit	41 66	
Retailer's profit of $33\frac{1}{3}$ per cent on $166.66	55 55	
		$222 21

Duties and Profits on Duties:—

Duty	35 00	
Wholesaler's profit on duty	8 75	
Manufacturer's profit on duty	14 58	
Retailer's profit on duty	19 44	
		$ 77 77

[Mr. I. E. Pedlow.]

Sales Taxes and Profits on Sales Taxes:—		
Sales tax paid by importing wholesaler, 33⅓ per cent	$ 5 06	
Wholesaler's profit of 25 per cent on $5.06	1 26	
Manufacturer's profit of 33⅓ per cent on $6.32	2 11	
Retailer's profit on first sales tax, $5.06, plus profit of importing wholesaler, $1.26, plus manufacturer's profit on sales tax $2.11	2 81	
Sales tax from wholesaler to manufacturer of 2¼ per cent on $175.07	3 93	
Profit of manufacturer	1 31	
Profit of retailer	1 75	
Sales tax from manufacturer to retailer	10 74	
Retailer's profit, 33⅓ per cent on $10.74	3 58	
		$ 32 55
Total		$332 53

"Therefore, the Treasury receives the following sales taxes:—

First sales tax on original purchase of goods.	$ 5 06
Second sales tax on sale from wholesaler to manufacturer	3 93
Third sales tax on sale from manufacturer to retailer	10 74
	$19 73

"The consumer paid these taxes, plus profits amounting to the difference between $32.55 and $19.73, or $12.82 more than was received by the Treasury.

"In respect to duty, the Government received $35. The consumer paid in respect to duty and profits on duty, $77.77, or $42.77 to collect $35."

The WITNESS: Just let me call your attention to a slight error in reading of the total sum, page 1, the amount given "Sales tax from wholesaler to manufacturer, 2¼ per cent on $105.07." That should be $175.07. That is at the bottom of the first page. Sales tax on sale from wholesaler to manufacturer, 2¼ per cent, should be $175.07.

The CHAIRMAN: Will you correct that on your copies, gentlemen. The figures are really proven, because, after each step we dissected them.

By Mr. Gardiner:

Q. There is just one point I would like to ask the witness, that is with regard to the profits: is it a general rule—has the witness any real evidence of the fact that the profits are usually about 33⅓ per cent from the importer to the manufacturer, and from the manufacturer to the wholesaler?—A. We calculated 25 per cent from the importer to the manufacturer. These are arbitrary, but they are based on my experience with the business dealing during a great many years. Of course, the retail end of it I am quite conversant with.

By the Chairman:

Q. What would you say as to the estimate you put on retail profits?—A. I would think that would be, on that class of commodity, a moderate advance because in manufacture garments they have to have fairly liberal mark-up to take care of reductions later on, so as to bring the general average down to between 30 and 33½ per cent on the complete turn-over.

By Mr. Gardiner:

Q. The same would apply to the manufacturer? In the manufacturer's profit, that would include all the labour and freight rate?—A. No, we have specially ommitted that. That is not at all included in that estimate. We have omitted the labour charge and other things than those referred to in the first item, $100.

Q. Would you think the manufacturerer's profit of 33⅓ per cent is not too high, in view of the omission of the labour cost?—A. I do not think so.

Q. I rather question that. Supposing the manufacturer had included the labour cost, would he have charged 33⅓ per cent on that labour?—A. I think so, and I think he would still be within the usual practice in work of that kind, because the labour cost to the manufacturer is just as much a cost to the finished product as the price he pays for the goods. It is cash paid out immediately. It is part of his cost of the finished article.

Q. I would have no objection at all to the manufacturer making a profit on his labour costs just the same as he would make on material, in the labour of making it up, but I doubt the possibility of the manufacturer charging 33⅓ per cent profit on that basis.

The CHAIRMAN: On his turn-over on the material.

Mr. GARDINER: Material and labour included.

The CHAIRMAN: My own feeling would be that the profit of 33⅓ per cent, the gross profit—that is a gross profit. 33⅓ per cent is not excessive.

The WITNESS: No, it is not excessive.

By Mr. Elliott:

Q. As I understand it from the evidence, this actually occurs in business.—A. That is from my own actual experience and knowledge, my own knowledge. While I have not been engaged in the manufacturing business, I am very conversant with their methods of procedure and carrying on.

Mr. GARDINER: The only point I want to clear up, is, to make reasonably sure that that amount of profit was charged by the manufacturer, because from any experience I had along these lines, that would be an excessive profit.

The CHAIRMAN: Was your experience in this country?

Mr. GARDINER: No.

The CHAIRMAN: I have not been in the manufacturing business myself. I cannot say, but I imagine it is not an exorbitant profit.

Mr. GARDINER: I am afraid I made a mistake in being a farmer.

The CHAIRMAN: I have heard others make the same suggestion.

Q. You import goods from the United States from time to time?—A. Yes.

Q. Will you explain how the tariff works out in connection with goods which you import from the United States? I think you have some examples there?—A. I have some specimens picked up at random. They may be of some value to you.

Here is an advertisement of an American manufacturer who produces cotton dresses. This refers particularly to gingham dresses, and the price is $16.50

per dozen in New York; they are nice dresses, handsome gowns. I have something similar in stock to-day, from the same firm. These cost $16.50 per dozen in New York, plus 35 per cent duty, plus 6 per cent sales tax when the goods are sold by the manufacturer in the United States or any foreign country direct to the retailer in Canada the sales tax in that case is 6 per cent on the cost of the goods or of the commodity, plus the duty. Then there is an additional cost of say five per cent for freight and packing charges. You will find, figuring it out, that that makes these garments that cost in New York $16.50 per dozen, when delivered anywhere in Canada, cost not less than $24 per dozen. Now, Mr. Chairman, the point I make in this connection is that whereas the retailer buying these garments in the United States, who is satisfied with a profit of say 33⅓ per cent, the retailer in this country after having paid the duty, the sales tax, freight and packing charges would have to sell the same gowns for $3 each to have a margin of profit of 50 per cent; that is, it costs the consumer living in Canada one-third more to live and buy this kind of merchandise than it would cost her if she was living in the United States.

By the Chairman:

Q. Have you any other examples?—A. I have another example which came to hand a few days ago.

By Mr. Gardiner:

Q. I do not know whether I was mistaken or not, but you made the statement that these dresses would cost the retailer in Canada $24 per dozen?—A. Delivered.

Q. And that he would have to sell them at $3 apiece?—A. To make 33⅓ on the returns; retail is always figured on the returns.

Q. Your basis of retail profits is 33⅓ on the total turnover?—A. On the total turnover.

Mr. GARDINER: I made a still greater mistake going into farming, Mr. Chairman.

By the Chairman:

Q. Were the turnovers, the profit on the turnover there more similar to what Mr. Gardiner speaks of?—A. No, they would be much less; at least they would be in about the proportion of 33⅓ on the cost, equal to 25 per cent on the return. That was the basis then, but conditions have changed wonderfully in salaries and expenses of doing business, and all that sort of thing.

Q. Will you please continue?—A. This refers to an item of curtain material, marquisette. Here is one item which costs in the United States 27½ cents per yard. Including the duty, the sales tax of 6 per cent and freight 5 per cent, the lay-down cost in Canada is 39.4 cents per yard. If the cost in Boston was 27½ cents, to obtain the same margin of profit in Canada the retailer would have to mark it at 55 to 60 cents a yard retail, as against the same margin of profit, selling in the United States of 37½ cents. I have several specimens of the same class, all referring to the same thing.

Q. About the same prices?—A. About the same. The type is of the same nature, in every case.

By Mr. Gardiner:

Q. The system that applies to one applies to all?—A. Yes.

By Mr. Milne:

Q. Do you get the same quality in Canada?—A. No. This material that costs me 39.4 delivered in Renfrew, I have not been able to find anything

manufactured in Canada to compare with it, in my judgment, for the same laydown price.

By the Chairman:

Q. Where in Canada there are manufactured goods of almost the same quality and kind as in the United States, how does the price charged by the Canadian manufacturer as a rule compare with the price it would cost you to import from the United States and pay the duty?—A. In some cases they are just a trifle under; in some staple lines of bleached cottons and unbleached cottons, tickings and staple articles of that kind, the price will just be barely under the cost of delivering the article from the United States to Canada.

Q. After paying the duty?—A. After paying the duty and sales tax and other things, other charges.

By Mr. Milne:

Q. Do they consider the sales tax when quoting prices?—A. They do take notice of it, according to my judgment.

By the Chairman:

Q. They sometimes protest against it?—A. I have yet to meet a case where they have not done so.

Q. Do you find, in your experience, that our manufacturers of textiles are getting into the American markets?—A. Yes; I found one during the present week, one case, a manufacturer located at Almonte, who manufactures a material called grass cloth, which is used for ladies' suits and dresses. Perhaps some of you gentlemen would have some knowledge of this material; it is a new material on the market, it is 100 per cent wool, and I understand the manufacturer of those goods can sell all he can produce, in the United States market.

Q. It is called grass cloth?—A. It is called grass cloth, and is used for ladies' suits and dresses.

By Mr. Elliott:

Q. What is the duty on those goods?—A. I am no so conversant with that.

By the Chairman:

Q. What would you call it?—A. It is used for dresses.

Q. Perhaps it would come under dresses, fabrics, manufactures of wool, textiles, dress goods; here I have wool or wools, blankets, carpets and rugs. It is not a knitted fabric?—A. No, it is woven goods.

Q. Of course these goods may have just hit the popular fancy?—A. That is to a large extent the reason for it, but it shows that the Canadian, in my judgment, can compete with outside manufacturers or producers, if he just makes up his mind to do so.

By Mr. McKay:

Q. Would you have a chance to compete in woollen goods or cotton goods? —A. Just as good, in my judgment; there is no reason why we should not.

By Mr. Milne:

Q. Do cottons come into Canada?—A. That is my information. I am not very positive upon that point. At all events they get some concession for manufacturing purposes.

By Mr. Hammell:

Q. Would you call it homespun?—A. No, but it is of something the same nature; it is newer than homespun.

Q. Homespun is of a plainer character?—A. This is made to imitate goods that come from China and Japan.

By Mr. Milne:

Q. Is it pure wool?—A. It is pure wool, 100 per cent wool.

By Mr. Hammell:

Q. Is it a very cheap stuff?—A. I think the manufacturer's price for it is about $1.22 a yard; it is about 54 inches wide.

By the Chairman:

Q. Tell us about charging a higher rate on linen sideboard covers if they are 45 inches long?—A. I did not bring down these specimens with me.

Q. Tell us about that, anyway?—A. Well, in order to make it understood, I think I will have to produce it. It is an item of linen sideboard cover about 18-inches wide and 44 inches long. According to the tariff ruling, if these are made the same width and one inch longer the duty is 5 per cent higher. If they are made 44½ inches long they can have them pass through the Customs under a special ruling at a rate of 20 per cent duty, but these unfortunately are 45 inches long, the same thing, the same material, made for the same purpose, made by the same parties, and the duty is 25 per cent. That is one of the anomalies the Department might possibly deal with if they were aware of what it means.

Q. How much per square yard does grass cloth weigh, can you give us any idea of that?—A. No, sir.

Q. I am now reading from the American tariff; it may fall under paragraph 1108; "Woollen fabrics weighing not more than four ounces per square yard, wool valued at not more than 80 cents per pound, 37 cents per pound, and 50 per cent ad valorem; valued at more than 80 cents, 45 cents per pound upon the wool content thereof and 50 per cent ad valorem." Paragraph 1119 says: "All manufacturers not specially provided for, wholly or in chief value of wool 50 per cent ad valorem." So that it would look as though this grass cloth, made wholly of wool would represent a high value before it could get in?—A. I think my memory is that it costs about 66 per cent, so much per cent and so much per pound.

By Mr. Hammell:

Q. Have you been in the dry goods business a number of years?—A. Yes.

Q. Do you think this is only a temporary fad?—A. That is the condition which obtains in regard to all fancy fabrics. There will be a demand this year, and next year they will be off the market altogether, or largely so.

By the Chairman:

Q. Now, Mr. Pedlow, it is 4.50 and your train leaves at 5.15; you may go right away if you like.—A. I am willing to stay over, if you want to ask me anything further.

By Mr. Elliott:

Q. In order to make it perfectly clear, the second statement you gave was the original price of these goods, $100?—A. The invoice price.

Q. But through the addition of the duty and profits on duties, the sales taxes and profits on sales taxes, those goods were sold to the consumer at $332.53?—A. Yes.

By the Chairman:

Q. And profits on the goods themselves?—A. Yes, there are three profits added in there, the importer's profit, the manufacturer's profit, and the retailer's profit.

The CHAIRMAN: If you will look at the second page of the second memorandum, Mr. Elliott, you will see that we have segregated goods and profits on goods.

Mr. ELLIOTT: Yes.

The CHAIRMAN: Then we put duties and profits on duties, then sales taxes and profits on sales taxes.

WITNESS: I am willing to wait over, Mr. Chairman, if you want to ask any more questions.

The CHAIRMAN: I think not, Mr. Pedlow. If you do not go now, you cannot get home until two o'clock in the morning. We thank you very much for your attendance here, and for the information you have given to the Committee.

We are now going into an Executive session.

The Committee adjourned to meet at 10 o'clock a.m. to-morrow Friday, April 20, 1923.

HOUSE OF COMMONS,
COMMITTEE ROOM 268,
FRIDAY, April 20, 1923.

The Special Committee appointed to enquire into Agricultural conditions throughout Canada met at 10.00 a.m., Mr. McMaster, the Chairman, presiding.

GEORGE SPENCE called and sworn.

By the Chairman:

Q. You have been in the West some time?—A. Yes, Mr. Chairman.
Q. For how long?—A. Twenty-three years.
Q. What part of the West do you hail from?—A. Saskatchewan.
Q. What business are you in?—A. I am a farmer.
Q. Do you raise any cattle?—A. Yes.
Q. Any pigs?—A. Yes.
Q. Do you raise any wheat?—A. Yes.
Q. Barley?—A. No.
Q. Other grains?—A. Yes.
Q. Do you do any dairying?—A. Not exclusive dairying.
Q. You keep some cows for your own use at least?—A. Yes.
Q. Do you ever make butter?—A. Yes.
Q. How far are you from the railway?—A. About 37 miles. Two months ago I was 60 miles.
Q. Now you are only 37 miles?—A. Only 37 miles.
Q. Now, Mr. Spence, you came here to tell us something about agricultural conditions in your province, and we would like you to tell us what you wish about the conditions; and if the conditions are not all you desired, what you think the Government could do to make them better?—A. Yes, Mr. Chairman.

Q. You have some sort of statement to make; if so, kindly proceed to make it?—A. A short statement. I think, perhaps, Mr. Chairman, it will be necessary for me to introduce myself a little more fully. I have no objection to being questioned during the time I am speaking; in fact, I would rather prefer that. I am a member of the Saskatchewan Legislature. I have also been made a member of the Better Farming Commission, the Royal Commission which was appointed by Order of the Lieutenant Governor in Council, to enquire into farm conditions in the south-western portion of the province of Saskatchewan. I am also secretary of the Better Farming Committee. The purpose of that Committee is to transmit into actual farm practice the deductions and the scientific research of our College of Agriculture, and our Department of Agriculture. I am a practical farmer, at least, I make my living on the farm. I am a dirt farmer.

Q. In other words, the farm supports you; you do not support the farm?—A. Quite correct. I have no statistics, I almost hestitate in coming before this Committee. As I have already said, I have no statistics. I have only experience to relate to you, and perhaps only a faulty observation. However, I am willing to give the Committee the benefit of that experience. I have farmed for 15 years, 7 years in Manitoba, and 8 years in south-western Saskatchewan. I lived up till 2 months ago 60 miles from the nearest market town. I now live only 37 miles from it.

Q. You have not moved, have you?—A. No.

Q. The railways have come nearer?—A. The railways have come nearer. I do not exactly know, Mr. Chairman, how to lay a correct foundation. After all, a solution is what we are after. I would say this; that I would be remiss in my duty, and unmindful of opportunity, if I did not at this time endeavour to leave with this Committee something constructive. Now, I am not going to attempt to argue that we are all prosperous, that we are living in luxury. I am not going to attempt to argue that. But neither am I going to attempt to say that we are all bankrupt, because we are not. The difficulties under which we are labouring are many and varied in character. In my own district there has been enormous disability of distance, 60 miles to the nearest market town, or an average distance of 47½ miles, in a country tributary to 100 miles parallel length of rail. Have I stated that clearly?

Q. I did not quite catch it, though you stated it clearly? You are 60 miles from the railway, but how is the average of 47½ miles arrived at?—A. Taking a parallel distance of 100 miles, the average distance—the distance rather of the average farmer was 47½ miles. That is not true today, but that was the case, and the history of that settlement dates back 15 years.

Q. What settlement is that?—A. It is the provincial constituencies of Cypress and Notakew. It is a Cree Indian name.

Q. What is the Cree?—A. All wise. The other constituency affected by this condition is the constituency of Willowbunch, a very old established constituency. You have all heard of Willowbunch. It has been established for at least 40 years. I want to be faithful to the facts. I do not contend that all the people lived 37½ miles away from the railway for 15 years, but I do contend that some of them did. I myself lived 10, up to this year, that barrier of distance——

Q. Excuse me, what did you say? That you lived ten miles from a railway?—A. No, ten years. I lived sixty miles.

Q. For ten years you lived sixty miles from the railway?—A. That is right. Now I simply want to point out that that was a barrier to successful agriculture in that section of the country. I could elaborate on that, but I think it is unnecessary.

Q. Would you say it was a difficulty?—A. A very great practical difficulty. Not altogether a barrier. Now there are other difficulties. I think the homestead policy of the past was somewhat of a mistake. It allowed settlement over a very, very large area. It was a flat homestead policy. It applied all over the provinces. The inducement was the inducement of cheap land, of the Government giving homesteads and pre-emptions. Now, that in itself affected agriculture or is affecting agriculture to-day somewhat adversely. It allowed and induced, I might say, the colonization of inferior lands, lands of inferior quality, lands on which the experience of years has shown it is impossible for a man to make a living. Now it has done more than that. This inducement of free land has induced men who were not naturally farmers. I contend, Mr. Chairman, that farmers are almost like poets. They are born, not made. It has induced men from cities, men from towns, to take up land and to try and farm, when they knew nothing about the business whatever, and had no inclination to work. The result has been disastrous in many cases; not in every case, but in many cases.

Q. Before you pass from that, Mr. Spence, was there any economic value in those lands unfit for homesteading. Would they have been fit for something else, fit for ranching?—A. If you will allow me—

Q. Do not let me interrupt you if you are going to take that up later on.—A. I have here the first report of a soil survey that is being conducted under the auspices or the joint direction of the Department of Agriculture at Regina, and the Department of Agriculture at Ottawa. The result so far is only partially complete. I have a map here. (Filed as Exhibit No. 81, not printed.) These papers unfortunately were only loaned to me and I do not know whether I will be able to leave them with the Committee, but I have here a map and I wish to localize my address somewhat. I am sorry I have to do that, but I have to for this reason. I am taking in quite a large area in southwestern Saskatchewan. I am taking that for two reasons, first, for the reason that I can speak with some authority, and I think with a little conviction, on this section of the country, and second, because this section of the country has up to now been falsely understood by the rest of Canada. It has had a false reputation. It has been called the drought area and I wish to say that it is not more a drought area than any other section of Saskatchewan, with the exception perhaps of a very small corner. What we actually find is that we have not suffered so much during dry seasons as we have suffered from the system of agriculture that has been forced upon that section of the province from without. Ten years' experience in a country is not sufficient to determine what will be or what should be the proper and the best method of agriculture. I think no honourable member of the Committee would say that it is. Agriculture in the southwest has not yet altogether found itself. In this respect this Government and the provincial Government and all the other institutions can assist and materially help agriculture by not assisting the people directly in a financial way, but assisting the people by developing the potential possibilities of the district or section of the province. I think that is a responsibility which the Government should assume, and, let me say, which the Governments are assuming, only we must give them time. This agricultural survey, before it is complete, may take fifteen years. We must give them time. Now, I do not think I should inflict very much on this Committee.

The CHAIRMAN: It is not an infliction. It is a very enjoyable experience, so go right ahead.

The WITNESS: Now, I will give you the Robsart-Govenlock district.

The CHAIRMAN: I think we will impound that document and you will make your excuse to the man you borrowed it from when you go home. We will put it in the record as Exhibit No. 82.

EXHIBIT No. 82

Preliminary farm survey of southwestern Saskatchewan.

The WITNESS: That is the southwest corner, which is composed of thirty-six townships.

Q. That is the area you are going to discuss with us now?—A. In some little detail. I made the statement that to some extent the homesead policy was a mistake for the reasons stated. I am going to give you the scientific proof of that very briefly. This district, discussed by Professor Roy Hanson, Director of the Survey, reads as follows:—

> " Conditions in this district are and have been unusually severe. The years 1915 and 1916 were favourable though not much land was under cultivation "—

By the Chairman:

Q. Excuse me interrupting you, but this report is dated what date?—A. It has just come to hand. The survey has been made during the last 12 months, under cultivation.

> "The years 1915 and 1916 were favourable though not much land was under cultivation, the result being that more land was broadened up on future prospects, only to encounter five successive lean years. The Provincial and Dominion Government assistance has enabled many to stay on while others have been enabled to keep going by one means or another."

Now, the point is this: the Government did not assist all the people; just a few of them. Very few farmers are free of debt. There are some of them. Many homesteaders have been forced to leave the land, so that numerous abandoned shacks are to be seen along with considerable areas of land, that has gone back to prairie.

Q. Forgive my interrupting you again. Since you are reading this report you have in your hand, do you wholly concur with the findings of the gentleman who prepared it?—A. I do, but I might state that for that reason this man has made a study of this particular locality, and I am simply using his scientific data to fortify my own argument that there were districts settled in Saskatchewan.

Q. Although you have not personally verified all the details of the survey, you believe it to correctly represent the situation?—A. Yes.

> In some instances homesteaders barely lived up to the law in bringing land into cultivation. Such strips of abandoned land were indicative of abandonment, where no attempt to farm was intended. In other cases the abandoned buildings are quite good, and the acreage of land once under cultivation quite considerable, showing an honest attempt but ultimate failure, owing to the severe conditions. Credit, which is much needed, is difficult to get. Land has little value as there are few who would not sell out very cheaply, but the demand for land is practically nil. Ranching has not been profitable, much of the leased land being very little used. Drought has been partly accountable, while high prices when the ranchers were re-stocking, followed by low prices when he had something to sell, has been an important factor.

That I might say is a characteristic of the business. It is curious to find in a country once devoted entirely to ranching and which contains much land suitable only for this purpose that mixed farming has not become very general.

The CHAIRMAN: What does the practical man say; is he as much surprised as you are?—A. I think, Mr. Chairman, I will come around to that in my own way.

By Mr. Elliott:

Q. How far is this locality from the railway, how many miles as near as you can tell?—A. The distance is not a handicap in that district.

By the Chairman:

Q. This district is situated near a railway so the distance from the railway line does not come into the question?—A. It is not an undue factor. Here is a very important statement, the next statement: It is only recently that the determination to diversify has become evident. The ranchers are beginning to cultivate more land and the farmers are paying more attention to live stock. Generally speaking the land is devoted either to straight wheat farming or ranching with a considerable portion of abandoned and unoccupied land which is put to no use at all.

Q. There was a suggestion made that people in the West used sometimes to have their cattle graze over the lands of neighbours who were temporarily absent. Is that the common practice?—A. Yes.

By Mr. Hammell:

Q. You made the statement that a lot of this land, homestead land, was homesteaded for the purpose of speculation, that is the meaning I took?—A. I think that perhaps would be rather an extreme statement.

Q. You said it showed there was no intention of ever farming it?—A. This Professor said that, I didn't say that. I endorse whatever he says insofar as it is with the inducement that land was being given away free. I will say the inducement to get the land was very great and we must remember there were men who went out and homesteaded who had no knowledge of farming; no practical knowledge of the land for crop producing purposes, is that clear.

By Mr. Hammell:

Q. That is clear, in the hope they would realize very gradually?—A. I will permit the Honourable member to draw his own conclusion.

Q. That is my conclusion?—A. One of the most important factors in crop production is precipitation; the figures for the past eleven years, from 1911 to 1921 I have here and in going over the record and taking the average for each month from the figures which are available we arrive at a total annual mean or average of 10·88 inches; that is for this district.

Q. Of rainfall?—A. Yes. I think that is very important.

By Mr. Robinson:

Q. For two years?—A. The average for eleven years.

By Mr. Hammell:

Q. That is an average?—A. Yes, there were some times they only got 6 inches and some years they got 14 inches.

Q. The same thing applies all over Canada?—A. I think myself 10 inches is sufficient to grow a paying crop.

By the Chairman:

Q. What?—A. A paying crop. When I say a paying crop a paying crop must be on a yearly basis, an acre yield basis, is that clear.

Q. Well not very; this precipitation you speak about includes what falls in the form of snow?—A. Yes, and it averages a little over 10 inches.

Q. Spread over a period of some eleven years?—A. Yes, some years it will be below that and some years above that. In 1915 and 1916 it was very considerably above that and I am going to give you the figures in a minute.

Q. You said something about an acreage basis; that is not clear?—A. I am quite sure the Committee does not want any figures from me on that. It must be quite clear the cost of production is practically on a yield per acre basis.

Q. There is certain work you must do whether the crop is small or large?—A. Yes.

Q. And the more the crop the bigger the revenue coming in?—A. Yes. I want again to emphasize the importance of this. Some years and I will mention 1915 and 1916 the rainfall was greatly in excess of 10·88. I could conceive of 45 bushels an acre of wheat in 1915 and 1916. Take 1918 and 1919 when the minimum rainfall was less probably not more than 6 inches I could conceive of a farmer hardly getting back his seed.

Q. The seed he put in?—A. Yes, there is another factor and that is that if the 6 inches or the maximum amount fell in June he may still have a very good crop and as a matter of actual facts we had one man give testimony before the Commission of which I was Acting Chairman at that meeting that he had successfully grown wheat year after year in this section of the country.

Q. On this average rainfall, or was he specially favoured?—A. Right in the heart of the district; he did it by a very extensive farming, a very intensive form of agriculture, tillage. I am afraid I am taking up too much time.

The CHAIRMAN: Not a bit.

The WITNESS: I have some interesting figures and I wish to somewhat elaborate this because as I have intimated we want to lead to something constructive.

By the Chairman:

Q. You want to get the facts well laid out before you apply the remedy?—A. Yes. This Nashlyn.

Q. What was that?—A. Nashlyn, it is just a country post office. Here is an analysis for the eleven years of rainfall and it gives it for the month. I think I shall just give you the totals.

Q. You can hand that into the stenographer who will put it in his notes and if you just give us the results?—A. For the eleven year period for this point the average precipitation or the average rainfall is 10·88. Now in 1920 I will just give you an item and that is in 1911 I find it was 14·35, in 1912 its was 9·10, in 1913 I find it was 13·03, 1914, 9·80; 1915 that is the year we specified and we find 14·69, again 14·89 in 1916. The dryest year appears to be in 1918 when it was only 5·91. With a 5·91 average a farmer, a practical farmer, who made his money on the land gave his evidence before the Royal Commission inquiring into conditions that he had had a paying crop that year.

APPENDIX No. 3

The following is a record of precipitation referred to by the Witness.

SUMMARY OF PRECIPITATION DATA AT NASHLYN

Month	1910	1911	1912	1913	1914	1915	1916	1917	1918	1919	1920	1921	Sums	Means
January	.....	0·50	*0·65*	0·65	0·75	*0·65*	0·80	*0·65*	1·00	0·05	1·35	0·10	5·20	0·65
February	.....	0·15	*0·37*	0·05	0·35	*0·37*	0·60	*0·37*	0·75	0·40	0·35	0·30	2·95	0·37
March	.....	*0·38*	*0·38*	0·65	0·10	*0·38*	0·73	*0·38*	0·05	0·30	*0·38*	0·45	2·28	0·38
April	.....	0·40	0·26	0·60	R	*0·51*	0·41	0·82	0·35	0·45	1·05	0·79	5·13	0·51
May	.....	1·47	1·77	1·26	0·22	4·51	2·65	*1·63*	0·10	1·38	1·50	1·41	16·27	1·63
June	.....	1·33	1·75	3·61	2·13	2·67	1·95	1·29	0·26	1·62	2·59	2·77	21·97	1·98
July	.....	0·94	1·05	3·38	0·08	2·81	3·38	0·47	0·48	0·64	0·26	2·59	16·08	1·46
August	.....	1·56	1·38	1·64	2·01	0·32	1·14	0·48	0·85	0·79	0·79	0·00	10·96	1·00
September	.....	6·35	0·57	0·49	1·05	1·78	1·15	2·08	0·55	1·00	0·36	1·52	16·90	1·53
October	.....	0·22	0·22	0·20	2·51	0·34	1·13	0·10	1·12	0·15	0·48	0·23	6·70	0·61
November	0·05	0·65	0·25	0·40	0·20	0·10	0·05	S	0·40	0·75	*0·36*	0·07	3·92	0·36
Dec	0·15	*0·40*	0·45	0·10	0·40	0·25	0·90	1·65	S	S	0·38	0·10	3·98	0·40
Total	.....	*14·35*	*9·10*	*13·03*	*9·80*	*14·69*	*14·89*	*9·92*	5·91	7·53	*9·85*	*11·33*	.....	*10·88*

NOTE—Italic figures—means from known data have been used where no records were taken in order to obtain annual totals.

The CHAIRMAN: You stated a moment ago an average of 5·9 inches?—A. Yes.

Q. For this number of years?—A. No for that one year.

Q. Is that quite clear?—A. Yes, now it is interesting to see this very article in its application. Now one would expect the country to be more or less reversing to cover a large tract.

The CHAIRMAN: No, not in my knowledge; we have a shower one place and another side of the hill it may be quite dry.

The WITNESS: That is what we have in Saskatchewan; it is accounted for to some extent by topography, I will not say to what extent, I am not an expert in that line. In Nashlyn the average for ten years was 10·88; in Medicine Hat it was 12·61; in Swift Current it was 14·88. These districts are not very far apart, yet we get that diversity of climate. Now I could perhaps shorten my discussion somewhat by analyzing the climate condition now. I did not intend to do it now; it will shorten by statement and I think it will be equally understandable to the committee. I have another column here which I will give you to show that statistics are checked up by our friends in the United States of America.

Q. Do they correspond?—A. Yes.

Q. Let it go at that; this corresponds to the figures made in the States?—A. Yes.

Q. What is that point?—A. Havre.

Q. What is the precipitation there?—A. Havre, 13·44 that is immediately south of the line and then to show you that is a twenty-seven year average Mr. Chairman.

Q. That is for the average?—A. Yes.

Q. So your eleven year averages just comes to the same result?—A. Yes, probably Havre is further south and the mountains are further south which will cause it to some extent. We have the average for other districts, Qu'Appelle is 18·96 that is the Honourable Minister of Agriculture's district.

Q. There is more rainfall there than any other parts?—A. That is more; at Swift Current it was 14·88.

Q. A district should do its duty when it has the Minister?—A. Yes. Qu'Appelle it is 18·96 a thirty year average; Prince Albert, 15·97; Indian Head, 19·06.

Q. So far the district you are dealing with is very much below a number of other districts in the Province of Saskatchewan?—A. Yes, remember it is a very small place.

Q. Do you say it is a very small place; how many miles broad and how many miles long?—A. Consisting of thirty-six townships; that is a mile square.

Q. How big is that? Six miles square; thirty-six by six?—A. Thirty six miles square.

Q. Thirty six square miles?—A. Yes.

By Mr. Elliott:

Q. Thirty-six square miles?—A. Six miles both ways; yes six times six are thirty-six.

The CHAIRMAN: 36 square miles. A space of 6 by 6 miles.

WITNESS: Yes. Now the records are not accepted as final, because I find the scientists are very careful with their figures, they always give themselves the benefit of the doubt, we may accept them as an indication that the precipitation at Nashlyn does not compare favourably with other parts of the Province; in fact computing the 11 years' averages for the years 1911 to 1921, for all points in Saskatchewan where the figures are available, we find none where the annual precipitation is as low as at Nashlyn. That is where the actual levels have been taken. Nashlyn, it should be noted, is fairly centrally located in the district under consideration.

The prevailing soil type in the district is fine sandy loam underlain with a clay loam or clay subsoil. About 25 per cent of the land is suitable for ranching only, owing to its rough broken character. About 55 per cent is burn-out prairie, and the remainder though showing burn-outs to some degree is sufficiently level and uniform for farming purposes. Now if the Committee perhaps would not understand that type of soil, I might explain that in a burned out country there are large patches of bare gumbo on which you will find nothing growing but cactus; sometimes a little moss. That is a soil very barren of vegetable matter. The vegetable matter has been either washed out or burned out.

By the Chairman:

Q. The humus is gone?—A. Correct. Now the remainder although showing burn-outs to some degree, is sufficiently level and uniform for farming purposes. No one, no matter how optimistic he may be, or how much he might like working, would attempt, I think, with any practical experience at all, to go on that gumbo land to make a living. It simply cannot be done.

By Mr. Robinson:

Q. Do men try it?—A. Yes. I have already read the Committee the previous statement covering that, showing that there are abandoned lands.

By the Chairman:

Q. You think that most of this abandoned land is land where through fire or other agencies the humus has been destroyed?—A. Yes, I have some very interesting photographs here which I will show you, but first let me say that when settlement first went into that area, that land looked beautiful, notwithstanding the burn outs, of course they did not look good, but the lay of the land was beautiful. It is level flat land, and where it is not burn-out it grows wonderful grass, and the popular belief—shall I say "belief," or shall I say we were trying to make others believe it—was that in time these gumbo spots could be reclaimed by deep tillage and by the mixing of the other soils—which the

Minister of Agriculture, I see by his nodding his head, understands very well. And to some extent the settlers deceived themselves into the belief that perhaps they had good land, but the experience of years has proved that it is not good land, that it is a very inferior land, on which a man cannot make a living. Now here is the description. In the burn out area we find typical in the virgin prairie, four to six inches brown fine sandy loam underlying the clay loam or clay subsoil. In the burn out spots the sod has been burned out, probably through prairie fires, and the fine sand residue has been removed leaving depressions where the subsoil is exposed. These spots vary in size from several square feet to several acres and are characterized by the sparse vegetation and the exposed heavy gumbo subsoil. The depressions are usually four to six inches deep. The native prairie appears extremely spotted. Naturally of course in looking over the prairie it will appear spotted as a result of those bare spots, and the other spots that are not bare. It looks like a checker board almost.

Q. A checker board would give us the idea that it was about half and half?—A. No, that is not correct of the whole country. In some places it would be correct. I am trying to show, Mr. Chairman, that there is so much variation, that because one farm is situated here and making a success, as the result perhaps of a soil, the climate being the same, his neighbour almost across the road from him may be a failure as a result of being on an inferior type.

Q. That is easy to understand. Common sense would lead us to that conclusion?—A. Very good. Now where the burn-out land has been ploughed up and the soil mixed to some degree we find an extremely varying soil, varying from fine sandy loam where the original sod was fairly thick, to clay loam or clay where the spots existed. Crops appear very spotted, particularly for the first few years after breaking, the stunted areas indicating a former burn-out spot. As a matter of fact it does gradually come back, and there are some scientists to-day who, I won't say they have convictions about it, but have expressed opinions that that land will be the most fertile land. I have had that explained to me. It is not only this area, but it is a very large section of what is known as the Cypress Hill Section—the honourable the Minister of Agriculture is very familiar with the country I am speaking of.

Q. So even the gumbo land is not altogether hopeless?—A. No, the mineral fertility is there.

Q. Do you think you could restore the humus by using barnyard manure?—A. Obviously, to a very great extent, and there are crops that will grow on this soil, to be ploughed in. I do not know whether I should elaborate on that. There is one crop, sweet clover, that has shown a willingness to respond on this kind of soil, or rather adaptability is the word.

Q. We are interested in this, Mr. Spence, but we would like to hear you more on the remedies than on the diseases. We understand that it is a spotted sort of district, that the crops vary, and that some of the land should never have been homesteaded, but should have been left for ranching?—A. If the Committee understand that, I will be glad to proceed to the next subject.

Q. As a matter of fact, we prefer you when you are preaching without notes than when you are following your text so closely?—A. I would sooner do that too.

Q. If there is anything more of first importance that you wish to refer to your notes about, do so, Mr. Spence. I do not want to interfere with the presentation of your case?—A. I think I have established that the failures recorded have been due, to some degree at any rate to unsuitable locations. If I have succeeded in that, that is all I am attempting to do.

By Mr. Hammell:

Q. Before you leave that point, Mr. Spence, would you say that during the orgy of prosperity that obtained a few years ago in the West, that people grabbed any kind of land at all?—A. Well, I don't like to make extreme statements to the honourable member, and I know you don't want my opinion.

Q. But you would almost say so?—A. Yes, I would.

Mr. GARDINER: Was not this land settled about 1909 to 1912?—A. Yes.

Q. Practically very little settled after that time?—A. Yes. There were some cancellations after that. It was not an orgy of prosperity, it was an orgy of land hunting.

By Mr. Hammell:

Q. An orgy of speculation?—A. No, I would not say that. An orgy of land hunting is the better word. Now as the members are familiar with those figures, I will leave that, and come to the mineral nature of the soil.

By the Chairman:

Q. If we go into all these technical points, I do not know when we will get our work done. These technical points can be found in publications. What we want to have Mr. Spence tell us is what he thinks is wrong, if anything, in the part of the country he is most familiar with, and then give us the remedies he would suggest.

Mr. ELLIOTT: I think we should direct our attention along those two lines.

The WITNESS: Then with the permission of the Committee we will immediately go to the consideration of what in our judgment as practical men, are some of the remedies, and I would just preface that by stating that if I was looking for something worth while—we will say if I was the Minister of Agriculture—(Laughter) and looking for something worth while to do for agriculture, I would have a study made of each section of Canada, each locality, and apply the remedies one at a time as I found them.

By the Chairman:

Q. But you would need a Minister of Agriculture who would live to the age of Methusaleh if you followed that method?—A. Well that might not be practical, but I think you will admit that the principle is sound.

Q. The principle is sound to get at the facts first of all and then apply the suggested remedy?—A. The next contributing factor to the lack of prosperity in the district is the inadequacy of the farming methods which are the common practice.

Q. That is to say, they are not farming as well as they should. Is that the idea, in plain English?—A. Correct. In the first instance, farming never became systematized under the wheat-wheat-fallow plan or any plan approaching it. This is the Professor's statement of course.

Q. But what do you say about it. We can read what these professors say. What we want is what you say?—A. I would say this, Mr. Chairman, that in this section of the country, settled only for about ten years, that when the dry weather came, or the long protracted spell of dry weather, the farmers, the practical men who were in there, had not had sufficient experience to know how to cope with that condition. They were handicapped to some extent in coping with the condition as a result of having no capital. They had no money when they came there, or very few of them had. Now, what does it mean to start up on a 320-acre farm without a dollar as hundreds and thousands of us did.

Q. Did you?—A. I did. What does that mean? Men actually have had to borrow the first ten dollars that they gave to the Government. They have lived for years in sod shacks without a floor as a result of that lack of capital. It simply means: poor equipment. They had not the money to buy equipment, and that type of soil or any soil similar to that cannot be worked without the very best equipment, so that a man is handicapped there to start with. I am sure that it will be years yet before a system of agriculture will be sufficiently well established for us to go to a district and lay our finger on that district and say it is the correct thing to do here.

Our colleges of agriculture are doing as much to-day as the people are; they are making investigations and are coming to certain conclusions, slowly but surely. The worst section of the section under review in this province of Saskatchewan is slowly but surely finding its own solution, not so much in intensive methods, the utilizing of the left-over or the stored moisture of the soil, but the growing of crops that are drought resisters, such as sweet clover, the growing of corn and inter-tilled crops. I brought these specimens of corn with me, not intentionally; I happened to have them, because I carry them around with me on my travels.

Q. You intended to bring them with you?—A. No, sir, I did not intend to bring them with me; I happened to have them with me when I got the wire; I was on the train at the time. I have left the best samples at other places; where interest is shown I leave an ear or two of corn.

Q. If you had left the ordinary, you would have had the best to show us. What sort of corn is this?—A. Minnesota White; it was sown on the first day of June, in the Hillandale district.

Q. You hold in your hand several ears of corn averaging 8 inches in length. Go ahead; you say these were sown on the first day of June, 1922?—A. On the first day of June, 1922, and under test they germinated 100 per cent in the whole district.

By Mr. Gardiner:

Q. When were they ripened?—A. I have not got the dates.

By Mr. Milne:

Q. This past year, 1922?—A. Yes, sir. I might add that that was the first corn grown on any extensive scale in that district.

By the Chairman:

Q. Did you grow it yourself?—A. No, sir, I did not grow it myself. I am the Secretary of the Better Farming Committee. The object of that Committee is to promote agricultural production in every way. Our purpose is not so much to increase production; our purpose is to improve production. Our slogan is: "The best horse, the best cow, the best sow, the best grain and the best grasses known to the practice and science of agriculture." That is our slogan. That corn was grown by the president of that association. Is it permissible for me to give his name?

Q. Certainly.—A. Mr. Alexander Grant, of Hillandale. Forty acres of corn, ripened in a forty acre field.

Q. Is that in the district we are talking about?—A. No, sir, it is not in that district. That same corn is being grown in the district under review, but only extensively quite within the last two or three years.

Q. Is corn a drought-resisting crop?—A. Yes, because of the reason I have stated; it is inter-tilled. In certain sections of Russia I am informed that it is so dry that they are growing corn in rows twelve feet apart.

Q. How far apart do you put this crop in?—A. Forty-two inches, the regular distance. Now, Mr. Chairman, just let me point out to the Committee this fact, that it is not so important what we grow as that we grow products that have a commercial value. In certain sections of the country I think that is a fundamental truth. In sections of the country where conditions are the most difficult, the settled practice is to centre upon products of most value. We have found that we cannot profitably draw wheat to our nearest market town, sixty miles away, but we can profitably draw butter, because we can take so much more in value to the load. So that I am not very much interested in whether this is an oat district, a wheat district or a corn district as I am interested in the fact that it produces commodities which the world wants. I am not interested, but I have recommended—I say recommended—that in sections of the country subject to extreme climatic conditions the settlers' practice is to diversify, to spread their risks, not with one crop or two crops, but with many crops.

Our agriculture is suffering as a result of seasonal occupations. We can employ labour as cheaply by the year—I will say it this way—very often, because I have done it myself, and that is my authority, we can employ labour as cheaply by the year as we can for a six months' period, just as cheaply.

By Mr. Hammell:

Q. I do not think that is quite clear to some of the Committee. You mean you can employ labour sometimes for a whole year as cheaply as you can employ seasonal labour for six months?—A. Yes; that is what I mean.

Q. At about the same total expense?—A. Yes. It is very often cheaper, for two reasons; first, it is more efficient, and therefore cheaper. If you employ a man and his wife, we will say, for the year, he very often stays with you another year, then another year, and makes the farm his home; he takes an interest in your live stock; but if you only employ him for four, five or six months, he is more or less of a transient and has very little interest in the place. There is also another factor which enters into this labour question, that after all—and it is sometimes argued, although not correctly, so I think—we are prevented from engaging in intensified agriculture, on account of labour being scarce. I think the more correct way of stating it is in this way, that the result is an effect in itself rather than a cause, that where employment is offered there you will find the labourers gathered together, if we have a job that we can offer to a man, I mean a permanent job. We often find a man to whom, if our work is of such a seasonal character that a man is employed to-day and not to-morrow, the attraction is not very encouraging, and I have no doubt the Department of Labour finds a great deal of difficulty in supplying the seasonal rush that is necessary during the harvesting and seeding operations.

By Mr. Elliott:

Q. Speaking of your experience, have you sufficient labour in that province just now?—A. Under the present system, I have just stated that it is hard to induce labour to come there.

Q. But have you sufficient; could you use more?—A. To-day?

Q. Yes.—A. Well, in our own particular district of course I am not in the labour market.

By the Chairman:

Q. Speak according to your own knowledge?—A. In my own district, I would say the farmers are not suffering as a result of a shortage of labour; I would say that, but I would not say that they have sufficient.

Q. You would not say that they have sufficient?—A. No, I would not.

By Hon. Mr. Tolmie:

Q. What do you have to pay a man per month and board, say for a teamster?—A. It depends upon how you employ him.

Q. Well, take a man you employ to milk cows?—A. That is subject to some extent to supply and demand, but around $40 a month during the summer months, and probably $20 in the winter months. I have paid $20, and I think I could have got them for $10, but one does not like to ask a man to work for $10 a month.

By Mr. Sutherland:

Q. Where are those men to be found during the winter months?—A. In the cities; they swell the ranks of the unemployed. Some of them, the more thrifty, go to the bush, some work for their board; it is a most unsatisfactory state, but it is the result of seasonal occupations, it is a condition, not a theory, and the only way to meet it, the only way to cure it is more agricultural production. As I understand it, the solution is one of agricultural production.

By Mr. Elliott:

Q. From that would you lead the Committee to infer that there is room for more farmers in your province?—A. I am coming to that, if the honourable member will pardon me. I am going to show where there is room for 10,000 more. The natural and local disadvantages, I think I have dealt with. One of the greatest handicaps, in my own section of the country, of a local nature, has been the distance to our nearest market town. That has been a big handicap. If we had 100 more miles of the present extension which is building to my district, there would be an immense difference.

By the Chairman:

Q. Remember, this is not the Railway Committee.—A. No, sir, but this has a bearing upon our immigration policy, and upon our production policy as well. We would have room for perhaps 10,000 more in the three provincial constituencies of Cypress, Notekew and Willowbunch. This may be of no value to the Committee, but it leads up to something else I want to say.

Q. Go ahead.—A. Having so few people in the country to some extent increases the cost of production; it interferes with educational organization, for one thing, the lack of school districts, the lack of social conditions, the enormous distances we have to travel, in that way losing time. I have known farmers who had to drive their children six miles to school.

Q. And they do it?—A. Yes, sir, they do it. Where the children drive themselves six miles to school means a handicap to those people, yet, Mr. Chairman, I make this statement in all seriousness, that bad as it is, those men in some way seem to get their children to school, and, while I am not going to say that those children have the very best education, I am going to say this, that they get a reasonably good education. As to districts where the distances would be greater than that, I am not able to say; I am just giving the Committee some experience in our own neighbourhood.

By Mr. Elliott:

Q. Do they have schools just during the summer months?—A. Yes; that is of course absolutely understood. Then we have the distance to the railways; I am glad there are only twelve districts like that in Saskatchewan, where the transportation facilities are absolutely essential before the district can take its place as a producing district. If I were looking for adverse figures, I would go to those districts for them; still you will find men in those districts who are reasonably prosperous.

Q. When you became a Member of the Legislature, you were sixty miles from a railway; how did you make it go, when you were sixty miles from a railway, what did you produce; you were able to raise enough on your own place for your own use?—A. Yes.

Q. How did you get money to buy the clothes you needed; tell us about that?—A. Of course if the Chairman insists upon my giving my personal experience of course I will give it.

Q. Give the experience of some neighbour.

Mr. McKAY: Some one of the same name.

By Mr. Robinson:

Q. Some one who has made good.—A. There are many who have made good.

By the Chairman:

Q. All right, you will not be talking about yourself but about some of your neighbours; you were sixty miles from a railway?—A. Yes.

Q. You were in a part of the country where the people used to suffer from adverse natural conditions?—A. Yes.

Q. Where the soil was only of an indifferent nature?—A. Not in my district, Mr. Chairman.

Q. Not in your district, did you say?—A. Not in my district.

Q. The soil is good, in your district?—A. That is the trouble, in leaving one district and going into another. Our district will show an entirely different state of affairs.

Q. Nature helped you with a good soil?—A. Yes.

Q. But you were sixty miles from a railway?—A. Yes.

Q. You were able to get on fairly well; what did you do, that is what I would like to know?—A. I would say it was by hard work, Mr. Chairman.

By Mr. Elliott:

Q. What line of farming did you follow?—A. I started without capital.

Q. But what line of farming did you follow?

By the Chairman:

Q. Tell us that.—A. I could only do one thing; I could buy my equipment on time. I simply started at the begining of things. My shack did not have a floor in it, and I lived on in that way for two years, and it was that way when I went to the Legislature. My stable roof was a roof of straw, and that was the experience of many others.

Q. Give us your own personal experience, how you got along?—A. Well, there is not very much more to relate.

Q. How did you get money to buy clothes?—A. We raised crops.

Q. What did you raise?—A. We raised wheat, we milked cows.

Q. How did you sell your wheat?—A. We kept hogs, we kept chickens.

Q. How did you sell those things, when you were sixty miles from a railway?—A. We drew the wheat to town.

Q. That would take a couple of days?—A. Two days there and two days back, to make the round trip.

Q. That is what the people I represent had to do a couple of generations ago; they burned the trees, and took the potash into Montreal, a distance of sixty or seventy miles. You did the same thing with your wheat?—A. We did. We cleaned our potash out. I do not wish to be jocular, Mr. Chairman, and I am sorry if I appear that way, but we are trying to get away from that system as soon as we can.

Q. Do not misunderstand me, Mr. Spence; this is done with a serious object. We have had before this Committee a great deal of evidence showing how hard it was for people to get on in the Western Provinces, and, without discounting that evidence at all, we would like as members of the Committee to hear how people have been able to overcome these difficulties and contribute something to the upbuilding of our country; that is what we want to know.

By Hon. Mr. Tolmie:

Q. I am very much interested in the statement that you are endeavouring to do some dairying in that country to do diversified farming.—A. Yes, sir.

Q. What kind of dairy cattle do you have mostly out there?—A. We have not reached any specialized system; we are not altogether sure that it is a specialized country. It will be many years before we can place our finger on the southern part of our country and say that the people should have Jerseys here or Shorthorns there; we are working with the first tools that come to our hand, the common ordinary cow, and we are breeding to the best sires.

Q. Are they mostly Shorthorns?—A. Yes.

Q. What sires are you using?—A. Shorthorns.

Q. The milking strain?—A. Sometimes the milking strain and sometimes the beef strain, depending upon the location. As for myself, in my district we are tributary to a very large grazing section of the township, and the tendency is to produce beef in that section. Where the people are immediately tributary to a large city or a large town, the tendency is to go in more for a milking strain of cattle.

Q. With that large area of cheap grass, would it not pay you to raise cattle for milk and butter, and sell the milk and butter?—A. Yes.

Q. And bring on your calves as a side line?—A. Yes.

Q. What do you get in weight from a cow?—A. We have not got to that point yet.

Q. What do you call a good yield by a cow, from three to four gallons a day?—A. Yes. We are starting in at cow testing now.

Q. I fancy you will get some surprises.—A. No doubt. The milking cow has been a very large part of our solution—the milk cow and the brood sow.

Q. Are you starting the hogs on the skimmed milk?—A. Yes. We are breeding the bacon type.

Q. Are you using Yorkshires?—A. We are using Yorkshires, but that is not true of the whole district.

Q. It would not be true of any district.—A. One of the objects of our Committee is to promote the bacon hog; we are endeavouring to do that.

Q. Do you milk your cows the year round?—A. Yes, sir.

Q. You do not summer-period them?—A. No.

Q. You milk them all the year?—A. Yes.

Q. Do you grow any ensilage, such as sunflowers?—A. Well, sunflowers do not appeal to us. Corn does splendidly with us.

Q. What varieties do you use?—A. Of corn?

Q. Yes.—A. We grow Northwestern and White. We are also growing a variety of Squaw corn for the hogs.

Q. Do you get it to ripen a good deal earlier?—A. Yes.

The CHAIRMAN: The Minister of Agriculture of the Dominion Government would like to ask a few questions.

By Hon. Mr. Motherwell:

Q. Where did all those turkeys come from that broke the Montreal market?—A. Some of them, a good many of them, came from the southwest. We are finding that it is a very good poultry country, especially a good turkey

country. Of course, we may not always have grasshoppers with us for them to feed on. Last summer the turkeys were fed almost entirely on grasshoppers. I would not be prepared to say that they were not fed any grain at all; I would not be prepared to say that, but I would say that they were fed very little grain, and they were very cheap turkeys.

Q. Were they finished off on the stubble?—A. That would be correct.

By the Chairman:

Q. Are you able to grow any garden corn for table use?—A. Yes. That is another object of our committee, to promote in every way on the farms the planting of trees and shrubs. We have some very nice plantations of trees growing in the section where I am. One man carried 1,700 trees from Swift Current down to the international boundary line, and there is a very nice plantation there to-day.

By Hon. Mr. Motherwell:

Q. Where do you come from?—A. I prefer not to answer that. I think I can very quickly conclude my few remarks, Mr. Chairman, and I will submit myself then to any questions you may think will be for the information of the Committee.

By Mr. Elliott:

Q. You spoke of having room for 10,000 more farmers in that district?—A. Yes, sir.

Q. What in your opinion is the chance of them making good as farmers in your district?—A. The great majority of them are making good now, and with reasonable railway facilities it is reasonable to suppose that conditions would be much easier.

By Mr. Gardiner:

Q. Would those be renters?—A. There is an enormous amount of vacant land.

Q. There is not much vacant land for homesteading purposes?—A. There is none available, because the Minister of the Interior in his wisdom has consented to this soil survey, and is insisting upon a soil survey, and an intelligent classification of these lands will be made, to show which is suitable for agriculture and which is not suitable for agriculture, and when we are told that we will know where we are.

By the Chairman:

Q. That is being done by co-operative methods between our Government and the Saskatchewan Government?—A. Yes.

By Mr. Milne:

Q. Do you think that the man who goes in to-day and has to buy a farm or rent his farm is in as good a position for success as the man who went in and got free land that you spoke about a while ago?—A. Yes, because he would have the railroad. He is in a much better position. We have bought our farms twice over.

By Mr. Elliott:

Q. His chances to-day are better than they were ten years ago?—A. Yes, with the railroad facilities. If I were to do something really worth while in that district, that is the first thing I would do, give them transportation.

By Mr. Milne:

Q. Is that the only handicap to-day as compared to ten years ago? If you were to have the railway, are other conditions similar to what they were ten years ago?—A. No conditions are similar to what they were ten years ago.

Q. You mean to state he would have just as good a chance for success and better, because he would be so much closer to the railway. From that I should judge other conditions were practically equal?—A. If I left that impression, I left a wrong impression. We do not know what the conditions will be to-morrow, but speaking for to-day I would say he has a better chance than we had. If we had those railway facilties to-day, the man who goes in now will have a better chance than I had.

By the Chairman:

Q. When you had to buy stuff or commodities that you took home with you, did you have to pay to-day's prices?—A. Oh, no, I did not.

Q. Would not that affect the chance of a man to-day?—A. To some extent, but I did not buy very much.

By Mr. Gardiner:

Q. Not even though the prices were much lower than they are to-day?—A. Certainly I did not build any big houses, or anything of that kind. That is my point. I am trying to be faithful to facts. Now if I had a railroad I could get my grain to town, and I would grow much more grain. I would raise more cattle.

By Mr. Sutherland:

Q. You attribute your success to the fact that you were forced through your location to go into mixed farming?—A. Yes.

Q. You disposed of your cattle on the hoof or something else. If you start growing wheat, is there not a danger that the conditions will get similar to what they were and the conditions will be much worse than they are?—A. I am taking it for granted that a man is reasonably sure what his problems are and he is working along the same lines. I am prepared to admit this, that if credit had been a little easier at a time when we did not understand the value of credit, we might not have been as badly off. I will admit that, but I will not admit that because I get a railroad I am going to go into bankruptcy. I will not admit that.

By Mr. Gardiner:

Q. Coming back to the railroad proposition, what line goes through there?—A. The Assiniboia line.

Q. How long has that been made?—A. When was the Armistice signed?

The CHAIRMAN: On the 11th November, 1918.

The WITNESS: That was when the survey was made. I have no fault to find with the C. P. R. I want to say this for the C. P. R., that in connection with the construction they have kept faith with us. We have co-operated with the C. P. R., and that is what we wish to do with everybody. We are not looking for a clash. We are looking for a solution of our problem or problems.

By Mr. Milne:

Q. You indicated in answer to my question that better railroad facilities would overcome the matter of buying land?—A. That is compared with free land, yes.

Q. You admit you can only buy practically half as much of that production to-day?—A. Yes.

Q. What other conditions would it overcome?—A. I am afraid it would take me a long time to enumerate them. I do not know if I can analyze the figures fairly. The Committee can develop my figures and they can see if I am mistaken. I might be mistaken.

Q. I would be perfectly willing if you make some general statement of some other advantage the farmer has to-day over ten years ago, but if you remember the fact that he can only buy half as much of his production as he did in other days?—A. It means whether the drawback or the handicap if you are any distance from the railroad would be offset by the increase in price of what you might call the farmer's raw material. Then if it is offset we would be no better off, but I cannot believe that at all.

By the Chairman:

Q. If you went in with a $20 bill into a store out in Saskatchewan now, could you buy with that $20 bill as much as you could with a $10 bill years ago? —A. I am simply stating that our distance to the railroad—now I have spent a $10 bill and $15 in actual expenses going to town. That would buy many pounds of sugar and many pounds of tea, a four day trip and four days away from home that I have lost from the cultivation of my land. I am not prepared to analyze those figures.

Q. There is no question about it, if you have to transfer your goods over roads 60 miles to the nearest market, that that is a tremendous economic handicap.—A. Tremendous. I hope the Committee appreciates that, and to prove that that condition is there, we have here the new town of Climax, the end of the steel in the section of the country I am talking about, and there were 1,000 bushels of grain bought and dumped on the prairie before it reached this point, before the steel reached this place, proving that the business was there.

Q. Your idea is that the purchasing power of the West has not altogether disappeared?—A. Certainly not.

By Mr. McMurray:

Q. That is different from what we heard here the other day.

The CHAIRMAN: If you had been in the law business, you would often find that people of equally high character and equal intelligence testify differently, especially as to matters of opinion.

The WITNESS: They certainly have not disappeared. We are not all bankrupt by any means. The income tax returns will prove that for the last year. It will prove it again for this year.

By Mr. Hammell:

Q. In your opinion you still think if present day settlers were willing to go through the hardships the pioneers did, they would have a reasonable chance? —A. We are trying to remove the hardships. That is the purpose of this Committee.

Q. Is it possible in any country in any part of the world that new settlers can go into a new place and have conditions that obtained in the older parts of the country?—A. It cannot be done.

By Mr. Milne:

Q. To follow that again, you made a statement a short time ago that you thought if farmers employed labour the year around there would be a much better supply of labour?—A. I do not wish to be misunderstood there. I know of men who are employing labour the year around. Some pay $1,000; some furnish a cow and chickens; some have a contract with the men that they brought, so we could not make a flat statement. I do not know that it is of any value.

Q. We had evidence the other day that men delivering milk in the city of Ottawa were receiving over $5 a day. Do you suppose you could induce those men to go out and work on a farm for say $600 a year, the year round?—A. I contend that our country can absorb—I do not know what it can do with the milkmen of Ottawa. We can absorb I think—I am not saying this definitely, but I think I said something around 10,000 people, in that corner of Saskatchewan. Some of them would be hired men; some of them would buy land, but we could comfortably absorb that number of people; some would live in towns. After all that is what we are interested in, absorbing people, is it not? There is no use bringing them here unless we can hold them here.

Q. It does not seem to me it is very much inducement, if there is a market available for labour in other parts of the country. How are you going to induce them to a market only offering $600 a year?—A. If we had more labour, to some extent; of course, it would be cheaper labour. I am not insensible to that point. If there were more farm labour in Saskatchewan it is reasonable to suppose it would be cheaper.

The CHAIRMAN: Are there any more questions desired to be asked this witness, because we have another witness, Mr. Williams, and I think we would like to get through our Committee meeting this morning so we could attend the House this afternoon. Are there any more questions to ask Mr. Spence. I am sure we are very much obliged to you, and we thank you very much.

The WITNESS: I wish to amplify it a little further. I was trying to finish my statement. I will not take long.

By the Chairman:

Q. You want more remedies.—A. I want more remedies. One of them is, we want more co-operation and less individualism. We have no economic organization whatever; that is, we have no organization that pertains to production. I will put it in this way: we have no organization that exercises a measure of control over production and distribution. No economic organization that exercises any measure of control over production and distribution. We have wonderful assets in climate and soil. I hope I have established that. I did not deal with superior soil. I thought that was not necessary. When I left we were seeding in Saskatchewan, sowing wheat, sowing rye. Our cattle had been grazing for nearly a month outside on the prairie. We have wonderful assets in climate in that respect.

Q. Has this been a normal spring?—A. For the southwest, nothing extraordinary. It has been rather a severe winter for the southwest.

Q. Not an early spring there?—A. Not extraordinarily so. Agriculture in 1922 in the southwest has staged one of the most wonderful come-backs that I have ever seen in my 23 years of experience; absolutely no doubt about it. Remember, coming after a prolonged period of drought in some sections, not in all sections, but in some sections. I will not say it has brought everybody out of debt. I know it has not, but it has materially helped the situation, and it has done more than that. It has restored the morale of the people; it has taken some men completely out of debt. Another line of railroad, the Weyburn-Sterling Branch of the C.P.R.—there were nearly a million bushels at every shipping point, and those shipping points are nearly 7 miles apart. A million and a half in some. In one town there was $1,500,000 worth of stuff sold at farmer's prices.

By Mr. Gardiner:

Q. What kind of produce?—A. Everything. They have a creamery there.

Q. What was the main produce?—A. Wheat.

By Mr. Motherwell:

Q. Is that Shaunavon?—A. Yes. That has put a lot of men in better shape than they were before that had that crop.

Q. How were the creameries operating there?—A. The creamery was running full time. We have a cream route organized, where we draw cream to the creamery 40 to 50 miles.

By Mr. Gardiner:

Q. What is the cost per pound, butter fat, drawing that to the creameries?—A. I am not in that business. I cannot say.

Q. Have you any idea at all?—A. About 40 cents a can.

Q. A five-gallon can?—A. I am not absolutely sure of those figures. We have in those towns 6 to 8 and 10 elevators. Those elevators are there for business. They are not there for ornament. I do not know of any one who has said this—I hope no one has—that we are all bankrupt, for we are not. We are not all rolling in luxury there, but we are making progress and some men are making money. I have read statements in the press that the men who made them will be ashamed of five years from now.

By the Chairman:

Q. Unduly pessimistic?—A. Yes.

By Mr. Gardiner:

Q. Do you think those statements that they have made are not correct?—A. I would not say that because they apply to local conditions.

Q. You are applying the same statements to your local conditions?—A. Yes.

Q. You stated many farmers had reduced their indebtedness very much this year?—A. Yes.

Q. Will you tell the Committee through what form of crop they have been able to reduce the indebtedness?—A. Wheat has liquidated most of the indebtedness.

Q. What was your average wheat crop for your district this year?—A. I could not give you that period. My own went to 24 as an average. Some of my neighbours had as high as 37. Some had 40.

Q. That is an extraordinarily heavy crop is it not?—A. Well I would not say extraordinarily heavy. I have grown 40 myself.

Q. That is much above the average for Saskatchewan is it not?—A. Perhaps it is. Yes, that is above the average.

By Mr. Elliott:

Q. During the war, when prices were high, the farmers in your district evidently used the money which they procured for these crops as a result of the high prices to pay off their indebtedness. They did not invest money, did they, in buying more land or erecting buildings?—A. Oh, well, some of them did. I would inform the honourable member that I could not give that.

Q. What came under your observation?—A. During the prosperous time, during the war period, when prices were high, I do not think that our district did very much speculation; not very much. We are too young.

By the Chairman:

Q. What are the type of people there; where do they come from? From eastern Canada, or where?—A. Many from eastern Canada.

Q. Those from outside Canada, from where do they come?—A. The United States.

APPENDIX No. 3

By Mr. Elliott:

Q. Where were you born, or where did you come from?—A. Orkney. I am just through now. There has been a wonderful increase in dairying. The actual figures are 5 per cent increase for the section of the country,—42 per cent increase last year; this current year, the last year we have statistics for. That is the section of the country I am speaking of.

Q. Over the year previous?—A. Yes, and 109 per cent for the 5 years period.

By Mr. Gardiner:

Q. You have co-operative dairying in your particular district?—A. A co-operative dairy. We have a creamery that belongs to a private company, but our co-operatives are more along the line that are building the dairy with credits. We are not in any way interested in the dairy organization ourselves.

By Mr. Sutherland:

Q. Along that line, Mr. Spence, anything that would promote the dairying industry would be of material benefit to that section of the country?—A. Absolutely. Anything that will promote dairying and better understanding of our local problems, more transportation facility will absolutely be of incalculable value to us.

By Mr. Gardiner:

Q. What price are you receiving for your butter now, your butter fat now? —A. I have not been home for two months.

Q. You have no information at all on the subject?—A. Not sufficient to allow me to make a statement.

By Mr. Milne:

Q. Education is one of the great needs?—A. Very necessary. Remember, it is a new country, the history of the settlement not dating back much more than 15 years. Is it reasonable to expect that the last word has been said in agricultural production?

By Mr. Sutherland:

Q. The quality of the corn you have here will indicate your ability to grow corn quite successfully?—A. Yes.

Q. To what height would this corn grow?—A. it varies. In 1919 we had corn 7 and 8 feet high. I might say that was the average, but it is sufficient to say that the men who had corn did not have to buy feed. There were very large quantities of hay shipped into the country and there was one man who fed nothing but his own corn grown on his own land.

By Mr. Gardiner:

Q. Was this corn fed dry?—A. Mostly fed dry. Silos have come up since.

Q. Is there any possibility in view of the farmers going in for growing corn to make silage, that they would not be in position to finance themselves to the end of being able to erect a silo?—A. We are digging trench silos.

Q. How do you find this works?—A. I have no experience myself.

Q. Have you made any observation?—A. What is the experience of the farmers who use the trench silo system?—A. It appears to be satisfactory. We have a corn growers association and a corn show will be held in Maple Creek this fall for the purpose of promoting the growing of corn. I think corn growing in South Saskatchewan will almost revolutionize corn growing in that section of the province.

Q. In the event of going in for a good deal of corn growing there, and in the event of producing a good deal of butter, what do you think of the prospects of a profitable market, for an increased production?—A. In the question of marketing, unless we can market profitably, we cannot produce, and if we do not produce we cannot market at all. I think that a great deal more attention should be paid to marketing and I think if there is a solution anywhere it could be found along the lines of co-operation, along the lines of the plan of co-operation adopted by the fruit growers there, and anything that this Government or any Government can do to promote a co-operative market, will assist very materially.

Q. Do you have butter grading in the province of Saskatchewan?—A. Yes, it is not compulsory. Butter grading is not compulsory in Saskatchewan, is it Mr. Motherwell?

Mr. MOTHERWELL: It just started on the 1st April.

By Mr. Gardiner:

Q. That question has not come under your review, the question of butter grading, to get a stabilized produce for export?—A. We are trying to promote that, and are encouraging men to ship to creameries. Our object is to produce raw materials of a standard quality, not only butter but wheat and everything else.

Q. Could you give the Committee the number of co-operative creameries you have in the system in Saskatchewan?—A. I might say I lived north of Battleford at one time and I was up there a few years ago and I was very much struck with the system of co-operative creameries they had.

Q. In that district. Have you any information to give the Committee on that, to give a brief outline?—A. No. I am not familiar with the system. I know we have that system of co-operative creameries, and I know that so far it is working satisfactorily and increasing very rapidly its influence in the province and there is a constant desire on the part of the people to increase the number of creameries.

Q. In what way do you think the Government might aid in promoting co-operation, co-operative marketing that you spoke of?—A. Well they are doing it now to a large extent. The Provincial Government has a co-operative markets branch.

Q. We are interested in the federal?—A. I think there should be a sharing of responsibility. As to the farmers' assistants, I would suggest offhand you try a little more carefully to study the California plan. It has proved successful there. I should think we should have something in the nature of a conference and we should try to bring under one roof all the knowledge in connection with farmers' co-operation, where it is a success. It is a success now. I think that would be beneficial. I think perhaps that could be called under the auspices of the Federal Government better than the auspices of the Provincial Government because we would have a national meeting. I think that this gentleman who has appeared on behalf of that organization in Ontario should be invited to address meetings in the three western provinces. I am quite sure we have even more co-operation.

Q. In all other products?—A. Group production, group marketing and group distribution.

Q. Your suggestion would be to recommend that to the Department of Agriculture, the Federal Department, that they co-operate more closely with the Provincial Department of Agriculture in order to operate this system?—A. Yes, I do. I say that.

NATHANIEL B. WILLIAMS, called and sworn.

By the Chairman:

Q. Mr. Williams, what is your full name?—A. Nathaniel B. Williams.

Q. Where is your home?—A. Abernethy, Saskatchewan.

Q. How would you like to proceed; would you like to make a general statement and then let us question you?—A. I would, Mr. Chairman.

Q. Well, proceed in that way. You may sit down, if you like.—A. I may say, Mr. Chairman and members of the Committee, that my throat bothers me somewhat, and I find my tonsils are a bit swollen this morning. If I have any trouble with my voice, I hope you will pardon me; it feels very thick, and it was bad when I got up. I may say that I appear here in a sort of representative capacity. We have in the province of Saskatchewan an association that was formed in January of 1920, although the tentative plans for it were brought in in January, 1919. It is known as the Saskatchewan Agricultural Societies Association. I am president of that association at the present time, and I was president of the association last year. That is one thing. Another thing is that I have had practical experience in possibly the most costly style of farming that can be adopted; that is, farming by proxy. I have had experience in that, and I have also had experience with I would say ninety per cent of the farmers in my own districts, through the fact that my private business is that of a financial and general agent, and I am constantly in touch with the farmers of my own districts, dealing with their financial difficulties, loans on farms, questions of title, insurance, and all the rest of it. That has brought me closely into touch with the financial problems of the farmers in my own district. Now, Mr. Chairman and members of the Committee, owing to the time, I want to be as brief and concise as possible.

Q. Mr. Williams, you have come a long way, and we will be glad to hear whatever you have to tell us.—A. If I err, it is not designedly. My statement is that the difficulties under which agriculturists are labouring now in the West are real and not imaginary. That is the first statement I would like to make, that their difficulties are real, not imaginary. The second statement I would like to make is, that any process of readjustment must be of necessity gradual, it cannot take place over night. With regard to the conditions that are adversely affecting our farmers, with regard I say to some of the conditions that are adversely affecting our farmers, the remedy largely lies in their own hands, while with regard to other conditions, they are practically beyond their control. I will endeavour to establish that to some extent from my own experience and from my observations. I would like also to make this statement, that there is absolutely nothing to be gained on the part of this Committee or on the part of our Western agriculturists by either minimizing or magnifying the difficulties under which our farmers are labouring. The next statement I would like to make is this—it has already been made this morning, but I would like to repeat it—that without appearing to be presumptuous before this Committee, I have what I feel are some practical suggestions to overcome the difficulties under which our farmers are labouring, that is, the conditions over which I feel they have a large measure of control. I would like, with the consent of the Committee, to present some things which would help to overcome their difficulties and solve their problems. There is one thing that is absolutely necessary in the first place, and I think it can be expressed in this way, that if we have any problem to combat we must first make our diagnosis or our survey, get our facts clearly before us, that we do not endeavour to dodge them, that we get a survey that will give us an exact under-

standing of the situation, and then, from the facts that are facing us, start to effect our cure. I said that I would endeavour to express a few thoughts before this Committee, based on different experiences. One of these, as I first mentioned, was my experience in what I consider the most costly kind of farming a man can engage in, that is, farming by proxy. I might just premise this statement with this remark, that for the first few years in connection with my farming operations I did not keep any exact records of my operations; in fact, to be quite frank about it, I did not feel possibly that it was necessary. A little later on my business sense taught me that there were some leaks, and that I had better keep some records in order to see what was done. I had purchased this land; the nearest point of it is about a mile and a half from the village in which I live, and it is directly across the road from the farm owned by the present Federal Minister of Agriculture, exactly across the road east from his farm. I am going to give you very briefly, if you like, some of the information in detail, but let us have some of the facts first. I want to give you some of the facts as I have charted them out in connection with my operations; they do not date back to the beginning of my experience, because unfortunately I have not got them that far back, but they do date back to 1915. To show that there are difficulties which we can control as farmers, and difficulties that we cannot control, I will give you an instance in the year 1915. In that year the crop on my farm was hailed as bare as this floor. I had no control over that condition, except that I could insure against hail, and protect myself to some extent. In the year 1916 it was most unfortunately hailed out again just as bare as this floor. So there were two years in which the crop was entirely wiped out. In the year 1917 conditions were very good, in 1918 they were fair, in 1919 they were good principally for this reason, that that was the year we had the highest, or one of the years when we had a very high price for wheat. I might say that in 1915 I was one of a few farmers in our immediate district 55 per cent hailed; that was the adjustment I got that year. In 1920 we had what we call in our district a dry year. In 1920 we had rust, and we also had one of the wettest falls in our experience in that district.

Q. One of what?—A. One of the wettest falls ever known in our district, with the result that we could not get our grain threshed. Personally I spent the sum of $67 extra in trying to keep my sheaves in the stooks standing up. When those great rain storms come, with heavy winds, they blow the stooks down, and if the heads of the sheaves get on the ground and the grain is wet it will start to grow. We had to spend extra money keeping them set up and moving them around from the north side to the south side to let them get dried out. In 1922 we had a very good year in my district, or a fairly good year, because I had rented my farm on a rental basis, and hence I do not want to bring that year in. You will notice from this that I was not only engaging in a very expensive style of farming, I also had during those years a rather disastrous experience in weather conditions, which very materially affected the results that we obtained from the farm. Now, as a business man I take my investment in that farm based on the value that I would place on it as a reasonable saleable value for that land, or, as I would put it, possibly a reasonable loan value.

Q. The loan value would be only 50 per cent of the real value?—A. I mean the value upon which that 50 per cent would be based.

By Mr. Hammell:

Q. How many acres have you?—A. 480 acres, three-quarters of a section, of which 360 acres are arable and 120 acres pasture.

Q. What value did you place on it?—A. I placed that land at $18,000, not quite $40 an acre. I placed a value on my outfit, of which I keep an inventory, depending of course upon what I have purchased from year to year, and so forth. I was going to give you a summary of it, and if there are any other details you want, I will give them to you. I have included the first two years, when there was absolutely nothing whatever from the crop in the seven years, and the interest I made on my investment during those seven years.

By the Chairman:

Q. Did you credit the farm with the hail insurance you got?—A. Yes. It was practically nil in 1915; I got more in 1916.

By Mr. Gardiner:

Q. How much did you have in 1915?—A. Practically none. I received in 1916 between $1,700 and $1,800 in hail insurance that year. The interest on the investment I made in that year, including the two years I was hailed out was 3·2 per cent; that is the actual interest I made on my investment, and if you leave out the two hail years my interest was 6·53 per cent.

By the Chairman:

Q. Did you charge anything for your own time, for looking after it?—A. No, sir, I paid a man for looking after it.

Q. Did you not spend any of your own time looking after it?—I spent very little time of my own in that way.

By Mr. Hammell:

Q. You hired a manager?—A. I hired a manager; I had a good man too, he is on the farm yet.

By the Chairman:

Q. Did you decide when to sell your crop?—A. Yes.

Q. Isn't that worth some money?—A. Possibly it is.

Q. Did you buy the seed, or did your man buy it?—A. I bought very little; I produced it myself.

Q. Did you buy any implements during that time?—A. Yes.

Q. Did you decide to buy them, or did your man decide on what to buy; did you visit the farm every day?—A. No, sir, I did not visit it on an average more than once in two weeks or three weeks during the summer time, and during the winter time I was not there more than once a month or six weeks.

Q. You had a good manager?—A. I had a good manager, my own brother.

By Mr. Sutherland:

Q. The farm was a sort of a recreation for you?—A. It was. That is in my experience the most expensive way in which you can farm.

By the Chairman:

Q. If you have not a good manager who is interested in the operations, it is not only expensive but it is usually disastrous, is it not?—A. Advisedly I would say yes.

By Mr. Milne:

Q. Is your brother a hired man only?—A. He had no interest in the farm.

By the Chairman:

Q. What did you pay him?—A. I paid him wages varying from $600 to $1,200 a year.

Q. Taking the five years, what did you make?—A. Taking the five years, I made 6.53.

Q. That is, after charging what percentage against the value of the land? —A. I beg your pardon?

Q. What percentage did you charge against the value of the land, or did you charge any per cent against the value of the land?—A. I do not understand the question.

Q. What is the rate prevailing around that part of the world?—A. Eight per cent.

Q. You made how much over the longer period?—A. Including the two disastrous years 3 per cent, when I had practically no return.

Q. To get at the real facts, spreading them over as generally as possible, does the farmer in Saskatchewan have to contemplate that once in every so often he will be hailed out?—A. Yes, he has to do that.

Q. You took a good many years in your longer term?—A. Seven years.

Q. Would being hailed out twice in seven years be unusual?—A. Yes, because in our own district, not for thirty years had the older settlers ever had a hail storm damage the crop before the year 1915.

Q. Counting in one of the hailed years, did you figure that out?—A. No, I did not figure that out.

By Mr. Sutherland:

Q. Has your original investment increased or decreased during that time? —A. I have left the valuation the same, for the purpose of the figures.

By the Chairman:

Q. From the time you bought the place, has there been an increase in the land value?—A. Yes, there has been an increase in the land value, but I have based my valuation upon the increased value.

By Mr. Sutherland:

Q. That was some inducement for you to hold the land?—A. Yes.

By Mr Milne:

Q. Those figures do not include 1922?—A. No. I had the land rented in 1922.

By the Chairman:

Q. On what basis?—A. On the basis of a share of the crop.

Q. What did that bring you?—A. 7.26. That is what I got on my investment.

Q. Is it a particularly good farm?—A. It compares favourably with the other lands in the district, but it is not the best land in the district.

By Mr. Caldwell:

Q. Are those 120 acres grain growing land?—A. No, sir.

Q. Are they coulee?—A. Coulee and pasture.

By Mr. Gardiner:

Q. How does the land in Abernethy generally compare with lands throughout Saskatchewan?—A. I would say that it is one of the best districts in the province.

Q. You have practically the best soil in that district to be found anywhere in Saskatchewan?—A. Well, with regard to that question, the present Soil Survey that is taking place in the province of Saskatchewan is bringing out some surprising facts, and I would not like to make a very definite statement with

regard to your question, for this reason, that they are finding as a result of the limited soil survey that has been made so far, certain areas of the province in which lands were thought to be of great fertility are proving not to be so, as a result of that survey, so that we have no scientific basis to base that on, but we have that survey experience.

By the Chairman:

Q. Are the lands that were not thought to be very good proving to be pretty good?—A. In the survey?

Q. Yes.—A. Possibly so. It is a matter of scientific investigation.

Q. But we can say that your land, although not the best, is one of the best in that district? If it is not the best, it is one of the best districts in Saskatchewan?—A. We think so. If there are any other questions you would like to ask me with regard to this particular point, I would be glad to try to answer them.

By Mr. Gardiner:

Q. Regarding moisture, from 1915 up to the end of 1921, what was your experience with regard to the moisture in those years?—A. I have not got the rainfall, but I can tell you the years during that period. Of course as I say 1915 and 1916 were years of plenty of moisture, but we were hailed out. In 1917 and 1918 we had sufficient moisture; in 1919 we had rather excessive moisture—our rust that year was evidence of that. In 1920 we had what we call in our district a dry year, our crops were light.

Q. What was the average yield per bushel to the acre in 1920?—A. I could not give it to you for that district. I know it ran all the way from 6 bushels to the acre on the north, on the average, on our lighter lands, to possibly 16 to 18 bushels per acre of land to the south. Now, regarding the figuring out of the cost of a farm on a business basis and getting it down to scientific figuring, I would say in a general way that it is not a good thing for a farmer to do too much figuring. Figures are deceptive; it depends upon how you can work them around. I made an honest attempt to arrive at my conclusions, and I am of the opinion that more attention paid to the work of the farm and less to the statistics of it will bring better results so far as the practical farmer is concerned.

Q. Mr. Williams, do you venture to suggest that the ordinary farmer keeps too complicated sets of books?—A. I do not, sir.

Q. As a matter of fact doesn't the ordinary farmer keep no books at all?—A. Practically none.

Q. Do you think that is wise?—A. No, sir.

Q. But you think the other extreme is unwise?—A. I think the other extreme is unwise.

By Mr. Gardiner:

Q. Why would you call it unwise; do you mean that it would take up too much of his time?—A. It would in the first place take up too much of his time, and in the second place most practical farmers are not sciened in the matter of figuring out percentages, and they very often get somebody else to figure them out for them, with disastrous results.

By Mr. Milne:

Q. What do you mean by disastrous results?—A. So far as his own purse is concerned. It is possible if he gets down to very minute analyses, charging so much here and so much there, so much for marketing, and distinguishing

between various classes of revenue, it is possible to make results look not exactly as they are in practice, for the simple reason that a man starts in and gets to a certain objective in a certain number of years.

Q. Can figures not be made to show that?—A. Figures can be made to show it, and they can be made to show it differently if manipulated in the right way.

By Mr. Eliott:

Q. Do you think it is possible to have any system of bookkeeping on a farm that is absolutely correct?—A. No; that is just the danger because, to have it absolutely correct, it would be so extensive and complicated that no farmer in the world would have time to keep it. That is the point I am trying to make; to have it absolutely accurate, he would not have time, and he would not have the patience to make it. If there are any other questions, I will be glad to answer them. I am not quoting my own case as a typical case in our district.

By Mr. Milne:

Q. Do you think this same bookkeeping objection would apply to other businesses besides farming?—A. No, because other businesses employ a bookkeeper.

Q. Why should a farmer not employ a bookkeeper?—A. He cannot afford it; that is absolutely out of the question.

Q. Do you think a manufacturer in a small way who cannot afford to keep a bookkeeper should not keep any books?—A. His business is entirely different to that of a farmer; the comparison is not in order.

By Mr. Gardiner:

Q. The farmer is not in a position to pass on the charge of a bookkeeper to the public?—A. No, sir; he cannot pass the buck.

By Mr. Robinson:

Q. Did I understand you to say that you had to do with loans on farms?—A. Yes. I will come to that later. I just want to emphasize the point that I do not quote my own case as a typical case for the district from which I come, because I say that I was engaged in the most expensive style of farming in which a man can possibly engage. That has been proven time and time again.

By the Chairman:

Q. There is this also, Mr. Williams, that other people who were farming themselves could fairly charge their own time, could they not?—A. Yes, sir, they could.

Q. Of course you charge your brother's time against the farm?—A. Yes, and I paid him for it.

By Mr. Milne:

Q. Regarding the bookkeeping end of it, you made the statement that you did not keep books, that you found there were leaks, and that you then started to keep books; was it of any value to you to keep books, did you gain anything?—A. Yes; it was of value, because I had my results in concrete form in my office, where I could look them over, study them, and see what I was doing.

The CHAIRMAN: I do not think we can gather from the witness that he is against keeping books, but he is against keeping a complicated set of books.

By the Chairman:

Q. Have I stated it correctly, Mr. Williams?—A. Yes, sir. I think some reasonable record should be kept, but it is not possible for a farmer to keep a

set of books which will show him minutely the absolute results of his operations, because he has not the time to do it—it cannot be done.

Q. If he had a real taste for that sort of work and took the time to do it, I suppose it would have its value?—A. It would, but where is he going to get the time?

Q. There are some people, Mr. Williams, who have a real genius for things of that sort and will spend time in that way that other men would spend resting or doing nothing?—A. Yes. I think they would prove in the end that they were doing possibly more of bookkeeping on their farms and less farming, if they had that tendency.

Q. The question I want to ask is, how much labour do you employ on your farm over and above your brother?—A. I employed another man during the whole—I did employ another man during the whole year, and some transient labour. Is there anything else in connection with this?

By the Chairman:

Q. Surely some books must be kept or the farmers would not be able to make up their income tax. I understand the Saskatchewan farmers pay more income tax than the other provinces put together?—A. In reply to that question I would say that on the average I possibly assist 50 farmers and I have to make up their income tax and I would not say that 5 per cent of them have any record, except in here (pointing to head).

Q. It must be very inconvenient when you come to make up your income tax?—A. It is indeed, but that is a fact, just the same. If they have any record in writing they do not bring it to my office.

Q. Let me just ask this question. These gentlemen who keep their bookkeeping in their head, without documentary evidence of what they are doing during the season, do they have income tax to pay?—A. That depends on the conditions of the year. I do not think that has anything to do with it, from my experience.

Q. You must depend on the farmer's conscience in that case?—A. I would not say that. I will say this, and I would say it in all seriousness. I have never yet had any reason to believe that one farmer who came to me at any time to have his income tax made out tried to evade the paying of the income tax. He gave a statement, so far as I could find out from him, absolutely conscientiously.

By Mr. Sutherland:

Q. Along that line, do you not think that there may be some much more simplified form for the income tax in connection with the farmers to fill in?—A. I certainly do.

By the Chairman:

Q. Let us proceed to the next point?—A. Possibly this might be of interest to you. In my business I act as agent, in some cases, as executor, for the estates of deceased farmers; in other cases I act for the executor or administrator, and for a number of years I have been handling indirectly—I have nothing to do with the mangement of them, in a certain sense; the administrator or executor does that, but all the records of these lands go through my office. In other words, I will tell you what I am doing, I am keeping the statements for the administrator or the executor, and in studying that I insist that every cent of money be banked through my office, so I know exactly what comes in and that all moneys to pay out are paid out in the same way, so I know what I am doing. Here is an instance—I do not want to give the names of the estates.

By the Chairman:

Q. Say it was "Y".—A. I will call this one "A". Here is an estate consisting of 480 acres, which is a three-quarter section, of which 450 acres are under cultivation. The land and buildings of that estate I valued, as I would value for people in Winnipeg, Osler, Hammond and Nanton, for whom I have appraised lands, as a local appraiser for the past 18 years, and I have based my valuations on these estates on exactly the same basis as I would if I were valuing them for them. This is a farm, as I said, of 480 acres, of which 450 are under cultivation, and with the buildings on it I would value it at $20,000. Now, in the year 1921, which is the first record I have in this case, rental return from that farm paid interest at the rate of 6·7 per cent net.

Q. The farm was rented?—A. It was rented on one-third of the profit clear. This is a farm that so far as the estate that owns it is concerned, has an interest only in the crop that is grown there, absolutely nothing else; chickens and milk and that sort of thing are a side line for the tenants. In 1922 it paid interest at the rate of 11·8 per cent net. Now, I will give you an instance of another estate comprising 480 acres, consisting of 450 acres under cultivation. I value this with its improvements at $20,500. I have records of this farm from 1919. In 1919 that farm paid interest at the rate of 12·19 per cent net. In 1920 it paid interest at the rate of 7·43 per cent net. In 1921—note this, because this was the year when our crop was all rusted and wet in the stooks and our grain sprouted—4·65 per cent. This is how these local conditions of weather, etc., affected us. In 1922 it paid interest at the rate of 8·72 per cent.

By the Chairman:

Q. That is, one-third of the amount that was turned over to the proprietor as rent gave to the proprietor on his property the rates of interest which you specified?—A. Yes.

By Mr. McMurray:

Q. It was net to the proprietor?—A. It was net to the proprietor.

By Mr. Gardiner:

Q. Will you explain to the Committee whether the proprietor has any charges to pay out of this net rental, such as taxes?—A. Absolutely none whatever.

Q. No threshing charges?—A. No threshing charges; no taxes, no marketing charges, nothing whatever.

Q. All these charges have to be paid by the tenant?—A. All these charges have to be paid by the tenant.

Q. Can you give us any idea of how the tenant came out on this?—A. Yes. If you will let me finish these cases first. I have only a few of them.

By Mr. Hammell:

Q. It was an average interest on investment of over 8 per cent?—A. I have not figured out myself the average, but I am giving it to you for the years.

By the Chairman:

Q. Was that a farm better than the average in that neighbourhood?—A. An average farm in the neighbourhood.

Q. What about the managerial ability of the farmer who was on it?—A. That makes a difference. It depends on the tenant.

Q. Was he a good man?—A. Yes.

Q. A family of boys to help him?—A. No. He hired his own help. Well now, in both cases I have quoted, that is true. Case C. This is a small farm

I have chosen these because they vary somewhat. 320 acres of which 300 acres are under cultivation. This farm, by the way, you will note the value of it is a little higher in proportion to the acreage than the others, because it is very well built on. The value of this farm, complete with improvements is $15,000; just a half section. In 1920 it paid an interest net of 7·57 per cent; in 1921, down again, you will note, owing to the conditions, 4·99 per cent; in 1922, 6·93 per cent. Those were the rentals paid by that farm. Now here is one, a larger farm, another estate which I handled for a number of years, and this one dates back to 1917. I want you to note some peculiar statistics with regard to this. I may say in connection with this land, that this originally was just as good land as the other cases I have quoted, but unfortunately it became very weak before the death of the man who owned it. I am not in a position to say why it became that way. I do not know anything about what he did with it, but when we had anything to do with it, it was intensely weak, and it was badly infected with twitch grass. The results from this farm could not be expected to be as good as from some of the other ones quoted. This is a farm of 960 acres, six quarter sections; under cultivation, 850 acres. The value of that land with buildings and improvements is $37,000.

Q. And stock?—A. Oh, no; no stock.

By Mr. Hammell:

Q. Real estate?—A. Real estate. The owner has no stock on the farm. Note the differences here. In 1917—I have just quoted these for your information, 1917, 1918 and 1919. Those were good years and years of high crop prices. The interest produced by that farm in 1917 was 13 per cent net on the investment. In 1918, it was 15·17 per cent net; in 1919 it was 19·24 per cent net. Now I want you to note the differences between that and the three succeeding years. 1920, which was a dry year, and naturally that twitch grass got the better of the crop. It dropped therefore, to its 7 per cent in 1920. In 1921, which was that wet year, 5·1 per cent; in 1922, 5·3 per cent.

By the Chairman:

Q. May I ask you this: in all these computations, have you allowed anything for depreciation of buildings?—A. Yes, I have in all cases.

Q. How much?—A. 5 per cent on frame buildings; 2½ per cent on brick and stone. The same rate as allowed by the income tax.

By Mr. McMurray:

Q. Apparently the large farms pay better than small farms?—A. It dates back farther.

Q. An average of better than 12 per cent over a period of 6 years?—A. I think so. I would like to bring some more facts to your attention.

By Mr. Gardiner:

Q. Just before we leave that point, I would like to ask the witness a question with regard to the cost for the proprietor. He made a statement that there was no cost at all to the proprietor, all the taxes, hail insurance—A. Oh I have allowed for hail insurance, where the proprietor paid on the product of his crop.

Q. But there was no other expense attached to the proprietor?—A. No.

Q. Hail insurance?—A. That is all.

Q. Can you give the Committee any idea as to how the results of these farms came out?—A. I will take case No. A, as I mentioned before. I have known the tenant on this land for a number of years. I know he came into our district—I do not want to divulge—possibly these men might object to my divulging their names.

By the Chairman:

Q. We do not want their names?—A. I am giving my evidence under oath, and I am speaking whereof I know. The tenant in case No. A, I have known for a matter of 9 years. I know he came into our district with practically very little money. I know that the amount of money he had at that time was in the neighbourhood of $1,500 which he invested in an outfit and started as a tenant on farm lands, and he is a tenant yet on this land, and I know that at the present minute has over $6,000 invested in Victory Bonds or the Greater Saskatchewan Production Loans and other investments. That is how he got along.

Q. He had a managing wife, surely?—A. His wife is dead, unfortunately.

Q. Who had to keep house for him?—A. His mother-in-law. In case No. B that I quoted, I cannot give you the experience of the tenant, because there have been several tenants on the land. Case No. 3: the same man has been on that land. I know exactly what happened in this case, because I was an executor of his estate. I employed this young man to manage the farm. He was a young man from Ontario who had not had experience in Western Canada. I employed him for 12 months to manage the farm, in the first place, and at the end of the 12 months he came to me and wanted to know if he could rent the farm. I said "yes. You can rent the farm on condition that you rent it year by year". He said, "I won't rent it that way". My reason for stating that was that there were infants interested in the estate. In order for an executor to rent an estate, he has to get a court order. I said I would not rent it in that way. I was impressed with the fact that he would likely be a good tenant, and I went to the expense of going to the court and getting an order allowing me to rent it to him for three years. In Saskatchewan we are only allowed to rent it from year to year, where infants are interested in an estate. The first thing he wanted to do was to buy the outfit. I said to him, "How much money have you to pay down on the outfit?" I have not got the figures at the moment, but I know the amount he owed when he started. Whatever cash payment he made, he still owed on the outfit the sum of $1,950 when he started on that farm in the spring of 1920. He farmed that farm during that length of time, and last fall he made his final payment on his outfit and has it clear; he had his outfit clear now in the three years he has operated that farm.

By the Chairman:

Q. Is he raising a family?—A. Yes, sir; he has one child.

Q. What about the other man?—A. His wife is dead, leaving one child.

Q. What about the third man?—A. There were a number of tenants in that case. In the last case I have quoted—I might say the total acreage was 960, divided into two farms of 480 acres each, with buildings on each, and there is a tenant on each one. The present tenant on one of those farms has been there for three years; the other one has been there for only one year up to the present time; the one who was there previous to him had been there three years, and I have not the information as to exactly how they got along. I will say this, however, that they did not get along very well; at least that would be my summing up of it.

By Mr. Sutherland:

Q. Was that the farm which was infested with twitchgrass?—A. Yes. I will tell you why they did not get along very well; it was because they started with inferior outfits and no money. They had practically no money with them when they got there; they bought their outfits on time and bought scantily and of poor quality. That was one of the principal reasons why they did not get along.

By Mr. Gardiner:

Q. Are you going to deal with general conditions in that district later?—A. Yes.

Q. In your evidence?—A. Yes.

Q. Because there are some questions I would like to ask you.—A. I would like to quote to you some few instances here. These are men with whom I have been dealing, and I could enumerate very many more. It is sometimes said that the man who makes a success on a farm in Western Canada requires some previous knowledge of agriculture.

By Mr. Hammell:

Q. It is also said that it cannot be made a success?—A. Yes, that is also said. I want to quote the case of a young man who came out from England.

By the Chairman:

Q. Would you say that the statement that a man wants to have some previous knowledge of agriculture generally is correct?—A. I would think that it is generally correct. This case I want to quote to you is an exception. A young man came out from England as an accountant; he was an accountant in the Old Country. I know his finances and all about him. He came out to the Abernethy district in 1910, thirteen years ago, purchased a half section of land consisting of 320 acres on which at that time there were 150 acres under cultivation. He paid $35 an acre for that farm—at least he agreed to pay that. By the way he made a small cash payment down out of some money he had earned after he arrived in Western Canada. He has erected on that farm since that time buildings to the value of $2,500. In the fall of 1921—not 1922, but 1921—he owed a balance of $2,500 on that land. Unfortunately that year his wife took ill and had to go to a hospital, which cost him a considerable sum of money, because she had been ill a long time before that. Including that and some other things he had debts to the extent of about $1,000, so that he owed all told $3,500 in the fall of 1921. He consolidated the $2,500 he owed on the farm with the other $1,000 and got a loan of $3,500 on the farm, in order to extend his indebtedness. The statement of his assets over liabilities in December of 1922 shows that this surplus over liabilities was $12.364. That is the experience of one young man who came to our district.

Q. Is he raising a family to-day?—A. He is raising a family of three children; his wife is a very capable woman.

Q. It depends a good deal upon the capacity of the wife on the farm?—A. It does indeed.

By Mr. Robinson:

Q. Where did he get the loan to consolidate his debts?—A. He got it from a western company, I would like now to give you a second case, that of a farm of 640 acres, on which there were 500 acres under cultivation, the balance was coulee land—I will hurry along.

The CHAIRMAN: Rather than hurry now, I think it would be better for us to adjourn until this afternoon; this gentleman is giving us some very interesting information, and we do not want to hurry him. Shall we adjourn until this afternoon or this evening? What time does your train leave?

WITNESS: I am not leaving until to-morrow.

The CHAIRMAN: Mr. Spence was leaving, and we fixed him up so that he could get away. Shall we adjourn until, say, four o'clock.

(Agreed).

The Committee adjourned until 4 p.m.

Afternoon Session

HOUSE OF COMMONS,
COMMITTEE ROOM 268,
Friday, April 20, 1923.

The Special Committee appointed to inquire into Agricultural conditions throughout Canada resumed at 4 p.m., the Chairman, Mr. McMaster, presiding.

N. B. WILLIAMS recalled.

By the Chairman:

Q. Before you proceed, let me just ask you this question. You have given us a pretty satisfactory picture of agricultural conditions around your own home at Abernethy. How does it compare with the conditions in the province of Saskatchewan generally, in your estimation?—A. Mr. Chairman and honourable members of the Committee, I have only an estimation to a certain extent to guide me in that. I will tell you though where I got some of my information on conditions in other parts of the province. Under the Agricultural Societies' Act, in the province of Saskatchewan, we are required to hold an annual convention of duly accredited delegates from the various societies in the province. These delegates meet in the month of January in Saskatoon, at the University, and from those delegates representing societies in every corner and portion of the province we get much valuable information. I will tell you in a word the spirit that permeated our last convention in January, 1923—

Q. Before we get into the spiritual world, let me ask you a material question. According to your estimation, does the satisfactory condition which you have depicted as pertaining in and around Abernethy apply generally to the province, in your view?—A. No, I would not say that it does, because there are certain districts and areas in the province that have problems which we have not got.

Q. In other words, your natural advantages are rather superior to the natural advantages of the province as a whole? Is that right?—A. I would not like to go quite that far, although as I said this morning, I believe we have one of the best districts in the province. I believe there are many other districts that are similarly situated to ours, there are some districts where they suffer from drought, and frost, and where in the years 1907 and 1908 they grew scarcely any grain at all.

Q. I broke into your statement, Mr. Williams, when you were telling us of the spirit that prevailed at the convention of your agricultural societies?—A. The feeling as expressed by the delegates was this: We have very marked difficult problems on our hands as agriculturists. We have difficulties of many kinds to overcome, and the feeling of the convention was, let us get down as intelligent men to figure out as closely as we can our own salvation within our limitations. That was the feeling of the convention.

Q. What was the morale of that meeting?—A. It was good, it was excellent.

By Mr. Robinson:

Q. How big is the district from which those men came?—A. From every portion of the province.

Q. All over the province?—A. All over the province of Saskatchewan.

By the Chairman:

Q. More favoured districts and less favoured districts?—A. And less favoured districts. The men from the less favoured districts were there with

their worries about dried out crops and so forth, but they were there to find as far as was humanly possible some solution for the difficulty.

Q. When was the convention?—A. In January 1923. That was the last one. Now, I am not just absolutely sure where I left of, but I think I was quoting some instances, one or two instances, of men whose experiences I knew in our own district. Now, I am not dealing in those instances, you understand, with the men who came in as pioneers to our district 40 years ago. I am dealing with new men, men who came in within the last ten, twelve, or fifteen years. The second instance that I would like to quote you is one of a man who now owns a farm of 640 acres of what I would call first class land, good land, under cultivation, 500 acres. He purchased that land in the year 1911 for $25,000. He had in cash to pay down on that land $5,000. He also had an outfit of horses and implements, almost sufficient to work that land. He had to buy a few, but they were negligible. In other words, he started with a liability of $20,000. on 640 acres which he purchased at almost $40 an acre. In December last he had a balance on that land of $4,500. His assets over his liabilities were $28,700. That is an actual fact.

Q. Had he raised a family meanwhile?—A. He has a family of 5 children, a young married man.

Q. Was he from Ontario?—A. Yes, he was an Ontario man. The Ontario men make excellent settlers in our western country, there is no question about that. I would like to quote you this instance of a purchase of a farm in 1915 by two brothers. You asked me where the farmer came from in the previous case, and I may tell you that those two brothers are German Canadians, Canadians of German descent. They had an outfit of horses, and of implements which they acquired through taking rented land previous to their purchase. They had that themselves. They bought 320 acres in the year 1915 of what I would call not as valuable land as the preceding case, for the reason that there was more waste on it, there was a great deal of slough land, unfit for cultivation, and not nearly as heavy land as the previous case.

Q. Do they not cut hay on that kind of land?—A. They do in some years, but many years there is too much water even to get hay.

Q. But during dry years these lands are likely to give a heavy crop?—A. They purchased this land in 1915 for $11,200. They paid in cash $2,500. Since 1915 they erected a barn at a cost of $2,500 They erected a house at a cost of $3,000, and a few days before I left my office I drew up a transfer from the owner of that land to those two boys, free of incumberances.

Q. Had they raised families?—A. One of them is a bachelor, the other is a married man with seven children.

By Mr. Hammell:

Q. Did they receive any money from other sources?—A. They did not receive any money from other sources. I know their financial affairs.

By the Chairman:

Q. They are hard working citizens?—A. Hard working citizens, and that is half the solution of the western problem.

Q. You will deal with the other half?—A. I would like to quote another instance of a man who bought a three-quarter section of land in 1911, 480 acres. He bought this land for $19,200. I cannot tell you what he paid down. He had cash that he paid down, not a very large payment, because he had been on a small rented farm. But he had an outfit of horses and implements, is a married man with seven children, a young man. In 1921 he had a clear title of that three-quarter section which he had bought in 1911 for $19,200. In 1921 he had a clear title, and to show his faith in our particular district, at all events,

he bought an additional quarter section, and by using the three-quarter section for which he had a clear title, and the additional quarter section which he purchased, he raised a loan of $8,800, and paid it spot cash. For the quarter section he paid $55 an acre, and there was not a building on it. Not a building. It was all under cultivation, every foot. He paid $55 an acre cash for that quarter section. I want to tell you something else about him. That was in 1921. The first payment of principal was on January 1, 1923. There was a payment of interest in 1922, which he made. On January 1 last he made a payment of $1,300 on the principal as well as paying the interest. The money went through my office, and I absolutely know. He induced the mortgage company to accept an additional $1,000 on account.

Q. Was it hard work to induce the mortgage company?—A. Yes, it was; they wanted their money out with interest, and it took considerable correspondence.

Q. What interest did he pay?—A. Eight per cent. These are concrete cases from my own district.

Q. Now, Mr. Williams, those specific instances that you have given us would lead us to believe that in and around Abernethy people were making prompt payments on their mortgages, principal and interest. How do you say that that situation compares with conditions in Saskatchewan, as a whole, as far as you know?—A. There are districts where they are not meeting either principal or interest promptly on their mortgages, due to the fact that they had continued periods of drought, and the mortgages were placed upon lands that proved not to have a very great productive value. That is true of other districts; I know that to be the case.

By Mr. Elliott:

Q. Are those cases which you have cited average cases; do they represent the average conditions of that district?—A. They are average conditions in our district.

By Mr. Robinson:

Q. Could you give us any information——A. I might add that in the same district we have had mortgage foreclosures, in our district as well.

By Mr. Gardiner:

Q. How many?—A. In the last ten years, as far as I remember, we have had three.

Q. In the last ten years?—A. In the last ten years.

Q. Three for the whole district, or three from your office?—A. Three for the district.

By the Chairman:

Q. How big is this district?—A. The local district, you mean?

Q. The district within which, in ten years, there were only three foreclosures on mortgages?—A. It is about eighteen miles long by about eight miles wide.

By Mr. Gardiner:

Q. Have you any knowledge of the conditions outside of that particular area, Mr. Williams?—A. Yes, I have knowledge of the areas adjoining.

By the Chairman:

Q. How are they meeting their payments in the areas adjoining?—A. We are in the centre of a good district. It extends across Qu'Appelle Valley, out towards Indian Head and west along the Pheasant Hill branches of the C.P.R.

Q. What is the soil?—A. Clay and loam, with a clay subsoil.

Q. How is it as regards weeds?—A. It is weedy.

Q. What sort? Sow thistle?—A. No. Some twitch grass; a lot of wild oats and a lot of what is called French weed, I think, stinkweed, a very virile weed.

Q. Do you have that tumbling mustard?—A. We do not have it in our district.

By Mr. Gardiner:

Q. What proportion of lands are mortgaged in the district?—A. I have not made an estimate of that.

Q. Is it considerable?—A. Yes, considerable.

Q. Are they mortgaged by the owners or mortgages held by owners who have resold to the buyers?—A. In some cases, mortgaged by the owners; in other cases by those who have resold.

Q. You say there have been only to your knowledge three foreclosures?—A. That is all I can recall at present.

Q. Will you tell the Committee who were the companies who foreclosed those mortgages?—A. Yes, they were all foreclosed by the firm of Osler, Hammond & Nanton of Winnipeg. When I say they were all, one was started by them, and finished up by a trust company. The trust company took it over when the foreclosure proceedings were partly through.

Q. Are these lands at the present time in the control of Osler, Hammond & Nanton?—A. No, they have been resold.

Q. Have they any other interests in the land, other than those three parcels, that is to say, by foreclosure?—A. Not that I am aware of.

Q. Are they the owners of any land at all at the present time, other than those?—A. They are the owners.

Q. Yes.—A. Not to my knowledge. In fact, they do not own them now. They are resold. Some were sold at the mortgage sale, and some were sold after.

By the Chairman:

Q. Did we ask you what was the general nature of the farming pursued in this district?—A. No.

Q. I think you might tell us.—A. The district was originally almost an exclusive grain growing district, only I would like to qualify that by saying that our district has various kinds of lands. Take a line running east and west now, the land south of the railway, and to some extent north, is a heavy clay loam, and with a heavy wind the land gets somewhat light and is bluffy, covered with groups of trees. In that bluffy land, possibly from the earlier days of the district, they have been doing more or less mixed farming, but on the heavy land, it was originally a grain growing district, almost exclusively, and they are gradually adopting a mixed farming method, and have been for some time, going in for beef raising, and some for dairying; hog raising and all its other branches.

Q. Do you have creameries there?—A. We have not a local creamery. It has to be shipped.

Q. Do you ship the cream?—A. Not all of them ship. Some of them ship and some make butter. Now I would like to go on to another point, just some few remarks I would like to make. I have stated or given my evidence so far from my personal experience in operating a farm, and also from my experience in handling farm lands on behalf of the owners, further from my experience through my office in connection with the financial dealings with the farm. Now I would like to turn for a moment to the work of the societies forming a portion

of our association, that is, the agricultural societies of the province. Now, the purpose of our agricultural societies, is purely and absolutely educational, purely educational. The object of the formation of an agricultural society in any district, is to have a meeting through which our agriculturalist can learn the value of self-help.

Q. The value of self government.—A. Yes, if you like. In fact, part of our slogan is "better and greater production; better homes; better farms; better products; more profitable and hence more permanent agriculture." That is the object of the society, to do its bit in establishing a profitable and consequently a permanent agriculture in the province. Now there are some conditions, as I said in the first part of my evidence, adversely affecting agriculture, over which the farmer himself has to some extent a measure of control. I say there are some of the conditions that are adversely affecting agriculture, over which the farmer himself has some measure of control, and I want to mention one or two of these, with a suggested method of remedy for it, in part, at least. One is the one crop system of farming. I say, in all seriousness, Mr. Chairman and honourable members, to my mind that no agriculture in any province can be established on the basis of one crop system of farming. It cannot be done It is the system that comes easiest to the new settler, hence he adopts it, but as he begins to lose the fibre from his soil and he gets the consequent introduction of weeds, he finds it has its menace as well as its convenience. Now here to-day we have the adoption more gradually of the intensified system of farming. Why? I would mention briefly one or two things, because this system of farming, through the growth of grasses, forage and similar crops restores to the soil the fibre which it loses through the one crop system of farming. Now gentlemen, that is one of the greatest difficulties. You would hardly believe me, that this is one of the things we are combatting right now in our drifting soil. You may think possibly that this is hardly conceivable on heavy land, but it is, just the same, because the soil will become pulverised. It is just as fine as powder, and then it starts to drift on top, with the result that when your wheat gets above the ground, and you get a big wind storm, it cuts it out. We have had thousands of acres of it in our district.

Q. Does it blow the soil off the wheat, or does it blow against the stalks and cut them off?—A. It blows against the stalks and cuts them off. That may be a revelation to some, but it is a fact. I have had it in my own farm, and any other farmer can tell you the same thing. This is on good heavy soil.

Q. What do you do to prevent that. Do you try to plant hedges?—A. No, we try and restore the fibre to the soil which it has lost through the growth of sweet clover.

Q. When the soil has been worked so that it drifts, has it necessarily lost its fertility?—A. It has not necessarily lost its fertility, but the trouble is to keep your summer fallow on your own farm, and keep it off your neighbour's. The soil is all right, if you keep it in place.

By Hon. Mr. Sinclair:

Q. That pertains more to the old land than to the new?—A. That condition will come about quickly where you have a soil that is inclined to blow if it is not previously very rich in grass root or other fibre. I say that method will restore to the soil the fibre that has been lost out. A diversified system lessens the chance of crop failure. I am giving this because I do not say it is new, but I want to give an idea of what we ourselves are trying to do to help ourselves out of a difficult situation. These are the methods we are adopting. Another thing the diversified system does, is that it helps overcome fungus growths, insect pests and weeds in our crop.

By the Chairman:

Q. Because it leads to a rotation?—A. Because it leads to a rotation. It prevents the soil drifting. It relieves the labour question, because labour is not so transient, nor it is not so congested from time to time. The question was asked, is there sufficient labour in the province of Saskatchewan for its present needs? I answered that question "most emphatically not." I based my reply on the reports sent out each week by the Bureau of Labour in Regina, through which a great many men are employed.

Q. Would these positions be seasonal positions, or would they be positions offered to a man to establish himself?—A. In a great many cases they would be seasonal. In a great many cases they would be yearly jobs.

Q. Is that not one of the difficulties?—A. It is one of the great difficulties. The diversified system would make it yearly, an all year around job. The question was asked why would men accept a job at $600 on a farm, when he could get $1,500 in the city. Possibly the fact was overlooked that he gets his board and his lodging in addition to $600, for which I believe he is allowed in the income tax the sum of $30 a month.

By Mr. Milne:

Q. Do you get men in Saskatchewan, married men, and pay them $600 a year and supply them board and lodging?—A. They are not usually supplied board and lodging, except in the case of a married man, and if they work with the farmer then they get board and lodging as well.

By the Chairman:

Q. What is the usual method where you have a farm hand who is married and who does not live with the farmer? Does the farmer supply a separate house.—A. Not in all cases. In many cases he does.

Q. He will supply cows and something like that?—A. Possibly something like that.

By Mr. Milne:

Q. What is the current wage for that?—A. I can scarcely answer that question with regard to the current wage, because in my district there are not so many married men engaged as there were years ago, but at that time the wages for a man and his wife were about $1,200.

By Mr. Sutherland:

Q. Do you find that competent farm labourers, after starting out for a year or two, usually begin to farm for themselves?—A. They very often do. The man who is a good man wants to get a farm for himself.

Q. He has no difficulty in making a start?—A. If he gets on the right land he is all right. If he gets on the wrong land he is all wrong. Now, that is one thing,—the getting away from the one-crop system. That is one of the methods we are studying and one of the methods we are trying to encourage as a practical solution to our difficulties. Another difficulty or disadvantage under which our farms are operating is this, that they are raising livestock of indiscriminate breeds and inferior quality. Where they are going in for mixed farming perhaps, they are raising livestock of indiscriminate breeds and of inferior quality. The question naturally arises, what is our solution as an organization for that difficulty. Here is our solution—community stock breeding. I do not know whether you understand what I mean by community stock breeding or not. It is being done and being done exclusively in horses, cattle, hogs; possibly in sheep, but I do not know personally about that. For instance,

in our own district there were all kinds of colts being raised, all breeds and all classes, mostly poor ones, with the result that the farmers got together and they organized what is known as the Horse Breeders' Club and they worked it under the Federal Department of Agriculture, by organizing that Horse Breeders' Club. They were able to obtain co-operatively and as a community, one of the best horses in that province, "Dunure Norman." It was a Clydesdale stallion, imported from the Old Country, and has taken a very high standing at the fairs in Western Canada. No single man possibly could have afforded to finance that scheme.

Q. What did you buy it for?—A. Breeding purposes.

Q. At what price?—A. I do not know what price was paid, but I understand it was in the neighbourhood of $6,000. You understand one man got that horse; the community did not buy it, and it should have bought it by a guarantee of the community guaranteeing so many mares each year.

By Mr. Gardiner:

Q. For breeding purposes? Otherwise he would not have brought him. How long ago was that?—A. I think he has been going two seasons, if not three. I would not like to say three.

Q. There is no doubt about the improvement in the quality of the stock? —A. No.

Q. How about the price they receive from the stock of that horse?—A. We find this. We get this from our delegates who attend our convention, "raise a draft animal right, in the right way and you have no trouble selling him at a fair price."

By the Chairman:

Q. How heavy are the horses you want to sell at that market?—A. They had to be horses up to 1,650 pounds.

Q. Where are they used?—A. Used in the city; draft animals. We have never had any trouble in disposing of horses of that kind.

Q. What is the price at the present time of horses of that description?—A. At the present time horse of that kind will sell at $500 a pair.

Q. That means two?—A. Yes. If you have the right animal, but you understand you can buy an indiscriminate horse in our district anywhere from $43 to $145, the ordinary plug. There is the advantage of doing the thing right.

By Mr. Bouchard:

Q. You do not have any difficulty in the sense of legislation?—A. Absolutely none whatever.

By Mr. Gardiner:

Q. How would that work out with the farmers of the three western provinces, to adopt your scheme and make money raising a large quantity of these draft animals? Where do you suppose they would get a market for them?—A. I am speaking of the facts as they are now.

By Mr. Hammell:

Q. If this particular district has gone in for that system of breeding, the others could do it.

By Mr. Gardiner:

Q. Could you give us any idea of how many horses have been shipped out of that district?—A. No, I could not, for the reason that our Horse Breeders' Club has only been one of recent date, and the products of that organization are not yet on the market. The oldest would be about two years old.

By Mr. Hammell:

Q. I was addressing a question to Mr. Gardiner. Mr. Gardiner seems to look with pessimism on the improvement of the breed of horses in general. I would like to ask if we were to adopt this recommendation—and I think you will admit, in order that agriculturists in the west be in better position, they would have to adopt these propositions almost universally,—I asked the witness where we were likely to get a market for that good stock we were going to purchase. I was tempted to tell you where, right among yourselves. The general improvement of the working class fortunes will pay to undertake to do it.

Mr. GARDINER: You must realize that we can raise a tremendous amount of horses in western Canada, more than we can use.

Mr. HAMMELL: You can raise also a whole lot of scrubs and plugs that will not be much good. They will cost you as much as good horses.

Mr. GARDINER: Take some of these plugs out in western Canada, the small horse for farm work,—there are a lot of people who believe they are more efficient on the land than the big horse. If you get a horse about 1,200 or 1,400 pounds, he will tire the other fellows off their feet.

By Hon. Mr. Sinclair:

Q. Do you sign the members up, make them all contract in these clubs?—A. Yes, they contract.

Q. Every year?—A. Year by year.

Q. They only contract for one year?—A. Yes, and they get their members—.

Q. What fee would you ask each to pay for the service?—A. I do not know the actual figures, but I know there is a membership fee of $5. I think this is paid down and then they get a refund of the amount of the service fee they pay and through that service fee they can become a member.

Q. Would they have a penalty to make the members stand up to their agreement?—A. Not to my knowledge.

By Mr. Gardiner:

Q. To belong to that club, in view of the fact that they make arrangement with the horse owner, that gives them first preference on a horse?—A. That gives them first preference on the horse.

By Mr. Sutherland:

Q. That is a custom that has been in vogue in Scotland in many years?—A. I do not know.

Q. The same system?—A. I present these facts, not that I know all the details of them. I am fairly familiar with them, but as a remedy for specific trouble, self-help; something we can do ourselves to help us out of our trouble. After all, is not that what we are after?

By Mr. Bouchard:

Q. Help yourselves and the Government will help you?—A. I would like to mention in connection with breeding, the community breeding of cattle, which can be carried out on the same principle. Here is a statement made in January 1923 by one of the men from the stockyards—I cannot remember his name—at Calgary. The same statement was made in January 1922 in Saskatoon by a representative of the stockyards in Winnipeg, and he said this to our delegates assembled in convention, that just as soon as cattle are shipped in through outside points, for, let us say, a carload lot of Herefords of a uniform type, if the car is all of the same kind, of a uniform quality, of the same breed, that

[Mr. N. B. Williams.]

is the carload that the buyers are after and will pay a premium for. They will do that every time. We said " how are we going to get the advantage of that kind of thing?" And they said by organized community breeding clubs and instead of these men breeding their horses, these men breed Herefords. There is a good deal of difficulty to get the farmers on one brand. It could not be done so that you could get enough profit, so that your ultimate product could be shipped out in carload lots, and by breeding the same class of animal you can get a carload lot and the farmer gets the benefit and you can ship them to the market. Exactly the same thing applies to hogs, and it is a very important question at the present time.

By the Chairman:

Q. Do beef cattle growers have the same intense admiration for the breeds? —A. Individual breeding.

Q. As the Ayreshire people and the Holstein and the Guernsey people and the other people have generally?—A. Generally speaking, I would say yes. If you have a man who fancies a short horn, it is a mighty hard job to get him to breed a Hereford.

Q. Still it could be done?—A. Yes.

Q. In and about Abernethy, anyway?—A. It is being done in many places.

By Mr. Milne:

Q. It cannot be Scotch?—A. Possibly not, although the name sounds Scotch. I am speaking of facts just as they are; I am talking about something that I feel I know a little about, and I do not want to enlarge upon a field that I do not know anything about.

There is another difficulty under which our agriculturalists are labouring to-day, to which we frankly should supply a remedy, that is, the attempted production of grains that are not best suited to our various districts. I mean by that this, that they are trying to grow Marquis wheat in districts which are not suitable for the growing of Marquis wheat; they are trying to grow Banner oats where Banner oats never should be grown. I mean this, take a late heavy land district, where you have a rich, heavy loam soil, and try to grow Banner oats on it, you are liable to have your oats lying down as flat as this floor, and if not they will be so late in ripening in the fall that they will be frozen. That is one of the reasons why Red Fife wheat was discarded and other varieties grown. We paid the penalty with many a frozen crop of Red Fife wheat before we got anything else growing, a type of wheat we should not have been growing at all on the particular soil in our districts.

By Mr. Hammell:

Q. Perhaps Marquis wheat was not produced at that time?—A. I will admit that there was not very much of it at that time, but it was obtainable in small quantities, which we could have developed ourselves had we been wise enough. However, we profited by the experience.

To remedy these conditions we try certain competitions, such as the standing crop competition. You may ask, what good is a standing crop competition? I will tell you. When the judge comes along to judge a standing crop, the man who has the right variety of grain, whether it be wheat or oats, for his particular soil, he is the man who will get the prize for that standing crop as against the man who is trying to grow something that is not suitable. We also have fairs for the finished product. If you have not the right grain on the right soil, you have no chance at that fair.

Another question is the question of the Soil Survey. Personally I consider that to be one of the greatest things ever attempted in our province, one of the greatest things that has ever been taken up. It is bound to lead to the very best results, if followed persistently and wisely.

Another difficulty under which we are labouring, and which we are trying to remedy—I want to run through this list, and I want to show what we are trying to do as an organization to help ourselves; many farmers are trying to keep dairy farms by keeping boarders instead of milk cows; they are doing that in Abernethy district, right in our district; lots of our farmers are keeping boarders instead of milk cows.

By the Chairman:

Q. I am a little surprised that that occurs at Abernethy.—A. May I ask why?

Q. Because I really thought you would have known better, in that favoured part.—A. No, sir, we do not know better, not all of us anyway.

By Mr. Sutherland:

Q. Are you speaking of a distinct dairy breed?—A. I would classify it as a distinct dairy breed, or a dual purpose. We have tried dual purpose Shorthorns, with good results.

By the Chairman:

Q. Whatever the type or breed of animal, it should be an animal that will produce enough milk or beef to pay for its keep and give something over?—A. Yes, and to pay for the labour. That is one of the things we are trying to remedy in our societies, to get into touch with men who are doing this kind of thing, and by meeting with them and discussing these features at round-table conferences, try to do away with boarders and getting instead some animal that will pay for its keep and the labour put upon it. These may seem little things, Mr. Chairman and gentlemen, but in my opinion they are not little things. Another thing; many of our farmers are keeping flocks of poultry which (I will add in parenthesis) are not attended to. How are we trying to remedy that? I mean that these flocks of poultry are giving no production as compared with what their feed costs. How are we trying to remedy that? We are trying to remedy that by the introduction of what is commonly called poultry shows, where various types and breeds of poultry are shown, and where the farmers have an opportunity of seeing what a good fowl looks like. We hold an egg-laying competition, where we can get enough people interested to bring their poultry to the exhibition for that purpose. A man will use a trap, in order to see what number of eggs a particular hen will lay. The result is that when these figures, these statistics come out, the man who is keeping boarders instead of hens begins to wonder what he is doing.

In Western Canada we must realize this, that every avenue of revenue on a farm must be exploited to make it permanently profitable; there is no question about that. We may look to the Governments, we may look to the railways, we may look to everything else, but when all is said and done we must get down to brass tacks with regard to the operating of our own farms. That is an absolute fact, I am convinced of it, and that is the feeling of 95 per cent of the delegates who attend our conventions in Saskatoon from year to year.

Another thing is the culling of poultry; I do not want to go into that to any extent. We have men from the College of Agriculture come through our districts, pick out the hens that do not lay and say to chop their heads off. It is an absolute fact that the layers can be picked out and the others discarded; it

can be done quickly and easily. It means the culling of our poultry flocks, getting the layers together and putting the others in the soup.

Another difficulty under which the agriculturists in the West are labouring is this, and this applies also, Mr. Chairman and gentlemen, to the district from which I come. I will not go so far as to say there is at the present time, but there certainly has been a tendency on the part of many of our Western agriculturists to increase their holdings of land, whenever they had any surplus money, rather than concentrate on the holdings they had. Do you understand what I mean? This thing of reaching out and getting more land than they could profitably cultivate. That is not fiction, it is fact. There has been a tendency in Western Canada to buy the other quarter—"I am saving up the money to get this quarter", until they had so much land that when the war came on and the labour situation faced them they found it was a very difficult matter indeed to handle their land properly. There has been too much of a tendency on the part of our farmers to do that.

In that connection I would like to refer to this fact, that I have put through my own office many loans for the purpose of nothing else than the purchase of another quarter section to add to the land they already owned. It has happened in many cases that these are some of the men who have not been prompt in paying their mortgage payments. Where a man has put on a loan to get some capital to build a barn so that he can comfortably house his working horses, his cattle or his hogs, he is doing something which is of direct benefit, and which is advancing the value of his holdings; but where he has put it into something which he could not handle, it is possibly a different thing.

Another thing we are labouring under, and which has been mentioned by Mr. Spence, is the absolute difficulty of getting our agriculturists to work on what is called, or what I would call a purely co-operative basis. I will give you a very simple illustration of that. Through our agricultural societies we hold in various parts of the province what are called stock sales, horse sales usually, that is, a sale would be advertised at a particular point in the province. Any farmer in that district having surplus horses to sell is supposed to bring his horses in with him, and they are sold to men who come in from outside points to buy them. You can see that if you establish an annual event of that kind, a buyer will know that at a particular place in the province there is to be one of these sales, and he may say that he will go there and get some good horses next year. When you try to establish those sales, in a great many cases they will bring in all the plugs they have on the farm and leave the good ones at home, and will put a reserve price upon the plugs that the buyers will not pay. That knocks the horse sale in the head for the next year; the buyers will say that they could not get any good horses there anyway, and what they did bring in they wanted too much for them. They do not seem to realize that by getting together they will have the benefit of co-operative effort. That is a simple illustration of what I mean, and it is something I happen to know about. These are some of the things we are trying to do as an organization to help ourselves, in our western country.

As I said in my opening remarks, we are labouring under real difficulties, not imaginary difficulties. I believe, although I am not prepared to say what percentage, that a large percentage of the remedy lies right in our own hands, in our methods of cultivation and all these things I have mentioned. A question was asked this morning as to in what way the Government might assist in helping the farmers of our western country. I have not got to that, because I am a strong advocate of self-help; I do not like paternalism in any form. I want to help myself, as far as I can.

I would like to mention one point—I do not know whether there is anything that can be done or not, but if I am wrong in my statistics or in my information I stand ready to be corrected, and I hope some member will correct me; I refer to the present tariff against Canadian cattle going to the United States, which I believe was put against our cattle by the farmer bloc of the Western United Etates, at their request and at their instigation. As I understand the condition, it is this, that for the average of ten years I am informed on credible authority that the cattle exported from Canada to the United States amounted to only one per cent of the exportable surplus of the United States; hence I take the ground that it could be of practically no advantage to the American cattle raiser to have the duty against our Canadian cattle. I want to tell you that that is only one of the things that has helped to paralyze the cattle industry in Western Canada. I take the ground that I cannot see where the American cattle producer was benefited, owing to the small percentage of effect our Canadian cattle could have on the exportable surpluses of the United States. If anything can be done to improve that condition, it would be of immense benefit to the Western cattle raiser.

The cattle industry is one of the industries of Western Canada that is at a very low ebb at the present time.

The CHAIRMAN: We have not a great deal of control over the American tariff. Perhaps something might be done along the lines you suggested. In any event, the Canadian Government is in control of its own tariffs. Have you anything to say in regard to our own tariff which will help the western agriculturist?

By Mr. Caldwell:

Q. Anything to help cheapen the cost of production?—A. I will tell you, Mr. Chairman and gentlemen. Do you think it is fair for me to offer opinions on something I do not thoroughly understand?

By the Chairman:

Q. If you do not want to, you do not have to; I am not going to press you, if you do not want to give us your views?—A. Well, Mr. Chairman, if I do not understand a thing thoroughly I do not attempt to discuss it.

By Mr. Gardiner:

Q. You admit that under certain conditions, as far as the cattle industry is concerned in Western Canada, it is quite under a cloud?—A. It is under a cloud, there is no doubt about that.

Q. And even if we had a better class of stock, we would still be under a cloud?—A. Yes, because of our distance from the British market. I may say that in connection with many of our districts at the present time, this thought went through my mind, that the old custon used to be to sell our hogs.

Mr. MILNE: Mr. McLean, of the Harris Abattoir, said that Canada during a period of five years previous to the placing of the embargo against our cattle exported an average of 200,000 cattle to the United States as against 20,000 marketed from that country.

The CHAIRMAN: But what Mr. Williams referred to was the exportable surplus.

WITNESS: I stand corrected if my statement was not right.

The CHAIRMAN: The point is that the supply from Canada is infinitesimal in comparsion with the United States home supply, that it could not bring down the price, that everything we shipped in there would be brought up to the level

of the American prices; therefore it would not affect the price the American farmer would expect to get or is getting for his cattle. Isn't there another fact, Mr. Williams?

WITNESS: I want to make a note here before I forget it, Mr. Chairman.

Q. Is it not a fact that there are certain interests in the United States that would gladly get our cattle in free for the purpose of finishing them, getting our stockers in free for the purpose of finishing them?—A. Possibly.

Q. They can finish cheaper on the corn belt than we can?—A. They were doing that right along.

Q. That was what they were doing under natural conditions, when the cattle flowed into the market without a border Customs duty against them?—A. I was going to mention this point, Mr. Chairman. A few years ago about the only way most of us knew about locally disposing of our live stock, that is, hogs and cattle, was to sell them to the local live stock purchaser, who paid us a price, shipped them to Winnipeg, and took his chances on the market. What is happening in our district is this, that these cattle are being shipped co-operatively, that is, no man takes control of them at all, we are combined, we get together carloads of cattle, one or two farmers go down with those cattle and see a commission firm in Winnipeg, they dispose of them themselves, but do not sell them to a local buyer at all. Since the raising of the embargo it seems impossible to understand why any number of local farmers should carry that same idea on, as far as exports were concerned; I have often wondered if there was any system whereby the farmers of this country could get together co-operatively and place their cattle on the British market the same as they do on the local market in Winnipeg and Calgary. I have no solution for that question, but I have wondered whether there was any system whatever by which that same idea could be carried through, so as to place those cattle ultimately on the British market.

By Hon. Mr. Tolmie:

Q. The United Grain Growers of Canada are doing that now?—A. If there are no other questions, Mr. Chairman. I do not think I need detain you any longer.

By Mr. Milne:

Q. You seem to have a pretty good grasp of this situation, Mr. Williams, and I appreciate it, but haven't the provinces been devoting a lot of money and energy during the last ten years to these very things you have brought prominently before us here? Have you any way of getting your facts down? If what you suggest is a remedy, it is a slow process, while we want to speed things up if possible?—A. My answer to that question would be that any system of permanent improvement must necessarily be slow; it cannot be done in any other way.

Q. In other words, it has reached the speed limit at the present time?—A. No, I would not say that, because every year when we hold our annual convention we have a larger number of agricultural societies than we had the year before, and they are extending their influence.

By the Chairman:

Q. You think they are serving a real good purpose?—A. Yes. I have no use for being at the head of a society that is not serving such a purpose.

Hon. Mr. MOTHERWELL: When I left there they had 400 co-operative fairs.

WITNESS: They have more than that now.

By the Chairman:

Q. How many?—A. There are at least 400; I am not at the head of that now.

Hon. Mr. MOTHERWELL: You may have taken this matter up when I was out, but you wrote to me some time ago suggesting the possibility of the Department sending a representative group of farmers to the Governments of the Western Provinces.

Mr. CALDWELL: He spoke of the fact that the American duty was hampering the industry.

WITNESS: I made it as a suggestion that the Government might possibly have some influence.

Hon. Mr. MOTHERWELL: Was it to send a deputation to Washington?

The CHAIRMAN: He did not indicate who should do the job; he said that the Government should try to get better entrance for our cattle to the United States.

By Mr. Gardiner:

Q. How long is it since you did any farming, Mr. Williams?—A. Not since I was about 16 years old.

Hon. Mr. MOTHERWELL: I often see you running a binder opposite my house.

By Mr. Gardiner:

Q. Was there any particular reason why you left the farm?—A. Yes, I think there was. I had what I might call a hunch that the boy who did not have an education was not going to stand much of a show, so I went and got my education.

By the Chairman:

Q. When you got your education why did not go back to the farm?—A. I drifted, I presume. I hadn't any farm to go back to. My father died when I was a boy.

Q. You got into other lines of work?—A. I got into other lines of work.

By Mr. Gardiner:

Q. Are you making many loans to farmers out there?—A. Not many at the present time.

Q. Did you ever loan any of your own money?—A. I have, small amounts, trifling amounts.

Q. At the same rate of interest?—A. Yes.

Q. What was the rate of interest?—A. Eight per cent.

By the Chairman:

Q. Have you thought about rural credits at all?—A. Not very much.

Q. You are more or less of a rural credit man yourself, if you put out farm loans in the West, are you not?—A. Just as I said with regard to the matter of the tariff, it is very easy to get into the midst of something you do not understand. I would like to make this general statement, that any institution, Government or otherwise, that undertakes to any extent to offer cheap money had better safeguard themselves as well as they can; there may be some benefit, but there is danger also.

By Mr. Gardiner:

Q. The security should be good?—A. The security should be good. In many cases, in many of our western cases it would have been better for us in the long run if we had not got the money as easily as we did get it.

By Mr. Caldwell:

Q. That is, if you had had to pay a higher rate of interest?—A. Yes; we would have done without it, we would have dug around and got along without it, and would have been better off in the end.

By Mr. Robinson:

Q. There is one thing I would like to ask about; you gave some examples from your office this morning, in which the financial results were satisfactory in every case; do you know whether in your own district other agents have found the results satisfactory or not; how about bank collections and so on, or do you know anything about that?—A. What I know of it I know from personal conversation with the managers.

Mr. ROBINSON: That is good enough.

By the Chairman:

Q. They would not be trying to fool you. You may repeat that; this is not a court of law, where hearsay is ruled out.—A. I might relate this instance, to give you an idea of what is happening in our own district. You have asked me how the banks get along loaning money.

Q. Give us an idea of how they get along.—A. We will take the banks or any other credit agencies. Of course, I have practically a monopoly in my section; there are no other institutions. Take a bank as a case in point. In a town a short distance west of Abernethy two banks were located. One of the banks in the fall of 1922 closed up one day. I asked the local banker one day, "You were up to that town?" He replied that he had been. I asked him if he knew of any reason why the second bank had pulled out, to which he replied that he understood they had lost a great deal of money there. I asked him how they came to lose that money, and he said that they had made some unwise loans due to keen competition between the two banks.

It works out in this way, Mr. Chairman: suppose I go to A and say that I want a loan of $1,500; A replies refusing me, saying that I want a little too much. I say to him, "All right, I will take my money out of this bank and go over to B"—I work A against B, and get as much as I can. That is done right along.

Q. Do the banks fall for it?—A. Yes, sir, they do fall for it. More in fun than anything else, I said to the banker, "By the way, this bank of which the manager lives here has been here ever since 1904, nineteen years, how much money has this bank lost in that time?" He said to me, "Give a guess, we have had two hailed years and have had a pretty bad time, men have had loans from the bank who were not good risks." I ran it roughly through my head; I knew that they had not lost a great deal. I replied that perhaps they had lost $50 a year for nineteen years, or $1,000, possibly $200 one year and nothing for two or three years. I ran it up in my own mind, and as an absolute guess I said $1,000. The banker laughed at me. I said to him, "Am I above it or below it?" He said I was above it, that their books showed one loss of $78.

By Hon. Mr. Motherwell:

Q. Did he indicate how much was on deposit?—A. No, they do not tell you that.

Q. Have you any idea yourself?—A. No, sir, I have no idea myself.

By the Chairman:

Q. What extent of territory does this bank serve?—A. The territory I mentioned a moment ago, including the merchants and business men. I premised my statement on the fact that we had a good district.

The CHAIRMAN: Not only had you a good district, but you must have had very extraordinary good people.

Hon. Mr. MOTHERWELL: Yes, I come from there.

The CHAIRMAN: Are there any other questions any of the Committee want to ask of Mr. Williams?

By Mr. Gardiner:

Q. What would be the cause of the bank in the other town losing money, would it be on account of a different class of soil and a difference in the farms?—A. I will tell you what caused part of the loss. As I understand it, there was a piece of country north of this particular town which we would call fairly light land, which was sold to these men at a price which was away above its productive value. That is where my principle of good land and poor land works in again. It was sold to those unfortunate settlers at a high price per acre, at a high rate of interest, with the result that those men made a fairly good start, they looked prosperous, and I suppose the local bank manager fell for their applications for loans.

Q. And the land did not hold out?—A. The land did not hold out; the people left the land.

By the Chairman:

Q. In the Abernethy district a bank was able to operate for nineteen years and lost $78 only, as the manager stated?—A. Yes.

Q. He was a good man, and you did not doubt his word?—A. I did not doubt his word, not at all.

Q. I would say that lending money around there was a pretty secure business.—A. It is.

Q. What would they charge a man who would go into the bank for a loan?—A. Eight per cent.

By Mr. Hammell:

Q. Short term?—A. Yes, short term.

By the Chairman:

Q. What does that mean?—A. Three months.

Q. Suppose he wanted six months, would the bank give it to him?—A. It would give it to him for three months, and then renew it.

Q. That would bring it up to nine months. What would the rate go up to, 9 per cent?—A. I have not had very much personal experience with it.

Q. I would judge not, but judging from the experience of others?—A. It would make it more than 8 per cent.

Q. Now, as a man familiar with credit conditions, do you not think that 8½ per cent is a pretty high rate for people to pay for accommodation, with absolute security?—A. I think it is.

Q. And you charge 8 per cent yourself?—A. Yes, the companies I represent charge 8 per cent.

By Hon. Mr. Sinclair:

Q. On a longer term?—A. Yes.

By the Chairman:

Q. How long?—A. Five years.

By Mr. Gardiner:

Q. What is the average cost of putting on one of those mortgages?—A. The costs are higher now than they were before. The costs run from $30 up to sometimes as high as $57 or $58; it all depends on what adjustment of title you have to make, and what other encumbrances you have to clean up. That is a matter of legal fees and registration, and so on.

By the Chairman:

Q. In Montreal, generally the notaries do a lot of placing of money on mortgages, and they get 1 per cent. That is the fee you pay, 1 per cent, as a commission for the person who finds the money for you. Is that what is paid out West?—A. That is what is paid out West.

Q. On a five-year loan, that means 8½ per cent?—A. No, the borrower does not pay that commission; he does not pay that 1 per cent.

Q. The borrower does not pay that?—A. Not in Western Canada, not in any mortgage companies I deal with.

Q. Who pays it?—A. The mortgage company pays it for the placing of the money, pays their local representative for the placing of that money.

Q. So it means 7 per cent net to the company?—A. It means 7 per cent net to the company for the first year, and then they got the rate of——

By Mr. Gardiner:

Q. That would be 1 per cent on the total?—A. Yes, on the total.

By the Chairman:

Q. Let me just ask this question. Do the mortgage companies in the West loan money for longer periods, fifteen, twenty or twenty-five years, with amortization privileges?—A. No, not to my knowledge, no person does it but the Farm Loans Board of the Province of Saskatchewan.

Q. Do you know anything about it?—A. No, I do not, because I do not come in touch with it; in fact, my business is a little bit in competition with them.

The CHAIRMAN: They say competition is the life of trade.

By the Hon. Mr. Motherwell:

Q. They have sold all kinds of bonds there?—A. Yes.

Q. The Provincial bonds, for reloaning to other farmers?—A. Yes, the farmers have purchased the bonds of the province. They have bought all kinds of them, all sorts of them.

By Mr. McMurray:

Q. Can a farmer, Mr. Williams, with fair security there, readily get accommodation from the bank?—A. Oh, yes.

Q. Just as readily as a business man in a village?—A. Yes, just as readily. The only difficulty there, the only thing there is to endeavour to teach, if you like, or to get the man who is not accustomed to the extension of credit to distinguish between what are liquid and what are frozen assets for the purposes of getting a loan. He very often runs into that difficulty; he has lots of assets, but they are all frozen assets.

By Mr. Caldwell:

Q. What do you mean by that, frozen assets?—A. Something that is not liquidable, something you cannot turn into money.

By Mr. Gardiner:

Q. What does it cost for the renewal of a mortgage after five years, is it the same as the previous cost?—A. No. Mr. Gardiner asked me what does it cost to renew a mortgage after the five-year term. It does not cost the same as the first issue. Up to this year, the Winnipeg firm for whom I act mostly used to have a fixed charge of $2 to cover the renewal agreement, but I understand they paid the agent a fraction of the original commission for replacing that money, and the charge to the borrower was $2, but just before I left I sent a letter from my office asking an explanation of the fact that they seemed to have raised the amount, basing it on the amount of the mortgage. Now, it costs more to renew $2,000 than it does to renew $1,000; more to renew $3,000 than $2,000; it is based on the mortgage.

By Mr. McMurray:

Q. There are not new paper documents drawn for the renewal of the mortgage?—A. Yes, what is called the renewal agreement.

Q. That is all?—A. Yes, that is all; it is not registered.

By the Chairman:

Q. Does the notary or the lawyer make them out for $2?—A. I do not know who makes them out, we get them from Winnipeg and that is all we know.

By Mr. Gardiner:

Q. Just another point, Mr. Williams; where did you get your information that you were to be asked before this Committee?—A. I got a wire from—I cannot remember the name, it was the Clerk of this Committee, or the Chief Clerk of the Committees, a Mr. Todd; I think that was the name signed to the wire.

Q. Had you any previous intimation that you would be likely to be called before this Committee?—A. I had not, previous to receiving that wire.

Q. Did you not receive some information from Regina?—A. I did receive information from Regina, just about the same time, if I remember rightly.

Q. Did you send a telegram in reply to your invitation to appear before this Committee, that you did not have any actual facts available?—A. I sent a reply; my reply will likely be on record, and I also wrote.

Q. As a matter of fact, you stated in that telegram that you had no figures available, because of the fact—.—A. I did not quite understand what the telegram meant when I got it first. It came as a surprise to me, and I did not actually know what the telegram meant, by way of reference.

Q. I only asked the question to clear up that point, because I believe in the telegram, if I am not mistaken, you made some statement to the effect that you had not any figures or records which would be of any value, and now you have given some very good information to the Committee to-day.—A. I took these right out of my books that I kept in my office, but I did not think that possibly these would be of any value either.

Q. I only asked the question to clear that up. There is another point I would like to ask you about. Have you any pure-bred herds in your district, any pure-bred animals?—A. A few.

Q. How are these making out, under the present conditions?—A. They are not making out very well at all.

Q. Much of a stock on their hands?—A. Yes, quite a considerable amount.

Some Hon. MEMBERS: We cannot hear what you are asking, Mr. Gardiner.

By Mr. Gardiner:

Q. I asked the witness whether they had any pure-bred herds of cattle in his district, and he answered yes; I asked further whether they were having any success with them, and perhaps the witness will go on now.—A. Of recent date they have had a number of these cattle on their hands, for which they are having difficulty in finding a sale.

By the Hon. Mr. Motherwell:

Q. Well, Mr. Williams, our pure-bred herds are not in very good hands there.—A. No, they are not, that is true.

Mr. CALDWELL: Near Abernethy?

The Hon. Mr. MOTHERWELL: No.

The CHAIRMAN: That astonishes the Committee, to think that around Abernethy there are any unfit hands.

The Hon. Mr. MOTHERWELL: We have the misfits there, too.

The CHAIRMAN: Any more questions? Mr. Hammell, do you want to ask any questions?

Mr. HAMMELL: I would just like to get the reason for this inquiry as to why this gentleman was summoned. I do not see the significance of it at all.

The CHAIRMAN: It is the privilege of any gentleman to ask that. I will take my share of the responsibility for summoning Mr. Williams; I telegraphed him also, asking him to come, and I think we have been well rewarded.

Mr. GARDINER: I quite agree with that.

The CHAIRMAN: We all agree with that, there is no doubt about it.

The WITNESS: You understand, that when I received the first wire from the Clerk,—I think it was signed by the Clerk of the Committee—.

The CHAIRMAN: That is the Chief Clerk of Committees, Mr. Todd.

The WITNESS: Yes; he wired, asking me what records I had kept, and over what period of time, or something like that. Now, I had my own, in connection with my own farming operations. But at the moment I replied to that wire I did not think those records would be of any great value to this Committee. Then when I came to prepare some statement for the Committee, I prepared it on the basis of the records I had.

Q. You are quite satisfied as to the accuracy of those?—A. I know, because I had them.

The CHAIRMAN: I know I express the view of the entire Committee when I say we regard that as very interesting and very valuable and we thank you very much for coming to speak to us this afternoon.

Witness retired.

Mr. GEORGE SPENCE, recalled.

By Mr. Gardiner:

Q. There is just a point I would like to clear up with regard to what the witness was speaking of this morning. Has it ever been necessary for people to supply relief to the people of your district you were speaking of this morning? —A. Yes.

Q. Would you tell the Committee something about that?—A. In what form? They have received seed and feed.

APPENDIX No. 3

By the Chairman:

Q. What district is this? Your own district, or the district in which the survey was made?

Mr. GARDINER: I take it the district in which he lives and which he was telling the Committee about this morning.

The CHAIRMAN: He told you about two districts, one was the district which was surveyed, and he told you about his own experience, 60 miles from the railway. I understand, Mr. Gardiner, your question relates to the district which was surveyed.

Mr. GARDINER: I will take both districts.

The WITNESS: In the district which was surveyed I have no personal knowledge of any person in the district receiving assistance from the Government. I do not live there. In my own district I have personal knowledge of people who did receive seed from the Government.

By Mr. Gardiner:

Q. How many years do you suppose they would receive seed from the Government? How many years in seasons?—A. I could not answer that question.

Q. More than one, I presume?—A. Not in my own district, I do not think.

Q. Have they received any other relief than seed?—A. There is a condition of things there that might to some extent leave a wrong impression on your Committee. There were men who received seed wheat from the Government, who had no crop.

Q. They had land ready for crop but had no land in crop previously. Is not that why many people who had not had land in crop previously did have to receive seed from some source or another?—A. Yes.

Q. Do you know anything about the operation of certain organizations throughout the various parts of Saskatchewan, who were collecting clothes and that sort of thing, and sending them to some of the districts? Is it not a fact that in that particular district or about that district that relief other than seed and feed went into these districts?—A. I understood the Red Cross sent out some clothes.

Q. Was there any food supplied at all, of any description?—A. Yes. I have knowledge of one case, actual knowledge of one case where food was supplied.

Q. What do you suppose, Mr. Spence, would be the reason why these people had to first of all get seed and secondly—

Mr. MCMURRAY: I cannot hear your questions.

By Mr. Gardiner:

Q. What was the reason why these people first of all had to receive grants of seeds, and secondly some received grants of food, and thirdly others received grants of clothes? What was the condition that brought them to that position? —A. Oh it was undoubtedly the result of crop failures. Undoubtedly that, but I am not of course saying why the crop failed. There are men who did not receive feed, many men; the big majority of them.

By the Chairman:

Q. Would this seed be a free gift?—A. In the form of a loan.

Q. Do you know whether the loans are repaid or not?—A. I cannot give you the percentage, but many of them were paid. I can emphatically say that.

By Mr. Gardiner:

Q. Do similar conditions like that prevail to any great extent in the southern part of Saskatchewan?—A. Not to a great extent in southern Saskatchewan, I would not say. Last year there was a little—well in a very considerably large district it was more or less dried up, east of Saskatoon.

By Mr. McKay:

Q. That condition occurs in every town, village and city in Canada every winter?—A. It does.

Q. Some people have to be helped?—A. Yes.

Q. There are always lame-ducks in every flock?—A. Yes.

By Mr. Gardiner:

Q. Do you suggest that these people should have been helped, the lame-ducks?—A. I am sure that the policy of giving direct assistance by the Government is not a right policy.

Q. Would you really think these people are lame-ducks?—A. Not in every case.

Q. What proportion would you think?—A. I could not tell you.

By Mr. McKay:

Q. They were not giving seed wheat and clothing to rich people?—A. No.

Q. These people were in need?—A. Yes.

Q. My point is that you will find need in all parts of Canada in the winter. —A. Yes. There are cases I mention from personal knowledge, especially one particular case, a man meeting with a bad accident. A team ran away and threw him out of the wagon and broke his leg in two places, and the man was in the hospital for a long time, and not only did he receive some clothing from the Red Cross, but he received some direct assistance from the people as well, because he is a very trustworthy citizen.

By Mr. Hammell:

Q. Do you know any agricultural country in the world where the settlers do not give some assistance?—A. I do not know of any.

By Mr. McKay:

Q. In the city in which we are holding this meeting to-day, we would be surprised to find the percentage of people who during the winter received aid, right in the city of Ottawa?—A. There are hard times all over Canada to-day.

By the Chairman:

Q. I think perhaps the question might be put this way, when relief was given, was it given in the proportion in which relief had to be given from time to time to poor people all over the Dominion, or were there special circumstances in connection with the district which made it necessary to give relief, any more than under ordinary circumstances. I think that is the question.—A. Yes, sir. Circumstances made it necessary to give but I will put it this way, relief was given in larger quantities.

Q. Based upon what alleged reason?—A. Well I heard this reason given. It sounds almost ridiculous and I do not like to give it to the Committee "Well, Mr. John has got this from the Government. I guess I might as well get it." I make that statement in all seriousness.

Mr. McMURRAY: It is not very ridiculous either.

By Hon. Mr. Sinclair:

Q. Take seed. If that was not given in those cases, would the land go without a crop?—A. In some cases it would. It would have gone without a crop. Remember, there was this condition which I tried to emphasize this morning—a new country, an entirely new country, with an extreme period of drought. The statistics show that in 35 years, 1917, 1918, 1919 were the extreme periods, not normal conditions.

Q. Abnormal conditions?

By Hon Mr. Motherwell:

Q. What you have in mind is that there was more relief and seed given than might be given?—A. I would say yes.

Q. You know there was another reason just as well as I do why relief was required down there. You are not prepared to say it, of course. I do not expect you to say it, but everybody knows it.

By Mr. Gardiner:

Q. There is another point I would like to get some information on, Mr. Spence, if I might. How many years ago is it since the Saskatchewan legislature passed a law giving a mortgage and adding a second mortgage on a piece of land in order to provide seed and pay for the settlers?—A. I could not say exactly.

Q. But you have such a law in Saskatchewan?—A. 1919, I think.

Q. You have such a law there?—A. Yes.

Q. Another point I would like to get at is this, we were speaking of it this morning. There were homesteads and pre-emptions?—A. Yes.

Q. And the homestead was $10 per entry fee and the pre-emption $3, paid off from year to year. Can you tell the Committee whether those pre-emptions are pretty well paid up?—A. I have no personal knowledge of that, but I have no doubt in my mind that they willl be paid up by the men, who will adapt themselves to conditions, who are what we call our "best settlers." There are a class of pre-emptions which will not be paid up.

Q. Have you any knowledge of the fact that many pre-emptions have been paid up by virtue of the fact that the original entrant has been allowed to take a loan on that land, to pay off the Government for the pre-emption they have entered upon?—A. Yes, I know there is that regulation, but I am not aware that there has been very much advantage taken of it.

Q. You do not know to what extent advantage has been taken of it.—A. No.

Q. Can you tell the Committee the number of mortgages that are in effect in that particular district?—A. There are not many in my own particular district. As a matter of fact, we were so far from transportation until quite recently that mortgage companies would not give the money.

Q. Under those circumstances there cannot be many foreclosures?—A. There are no foreclosures to my knowledge.

Witness retired.

The Committee adjourned until Monday, April 23, 1923, at 10 o'clock a.m.

HOUSE OF COMMONS,
COMMITTEE ROOM 268,
Monday, April 23, 1923.

The Special Committee appointed to inquire into Agricultural Conditions throughout Canada met at 10 a.m., Mr. McMaster, the Chairman, presiding.

The CHAIRMAN: Gentlemen, will you please come to order. We have Mr. Sparks here this morning, who wishes to be heard.

Mr. R. PERCY SPARKS, called and sworn.

By the Chairman:

Q. What is your full name?—A. Roderick Percy Sparks.

Q. You are in what line of business, Mr. Sparks?—A. I am president of the Sparks-Harrison, Ltd., of Hull, Que.

Q. What line of business?—A. Manufacturers of clothing.

Q. What sort of clothing?—A. Low priced clothing and cheap clothing, cotton and woollen clothing.

Q. What do you make?—A. Garments of various kinds.

Q. Do you make overalls?—A. Overalls, pants, boys' suits, clothing, cotton clothing.

Q. Used by the farming classes, the same as all other classes?—A. Used by the farming classes the same as all other classes.

Q. You have asked for an opportunity to come before us, as you have something which you believe of value to place before the Committee, and we will be glad to listen attentively to anything you have to say to us.—A. The reason I have come is because I have observed in the reports of the Committee that there have been a number of representations made about the cost of clothing, among other great necessities of life. The cost of clothing, the conditions under which it is manufactured and distributed are of importance to everybody, from the cradle to the grave. It is the one great necessity of life, next to food, which everybody must buy particularly the farmer. He has to have good warm clothing, and my opinion is based on an experience of 28 years in the clothing business, during 16 years of which I have been in business for myself, that the Canadian farmer is buying his clothing very very cheaply. The cost of clothing in Canada—I am speaking now particularly of woollen clothing—is much cheaper than in the United States of America. Certain very necessary garments which the farmer must have, are as equally low as, I think, any place in the world. I am thinking more of England, perhaps.

Q. Just tell us what is as cheap here by way of woollen clothing as in England?—A. I will just mention one garment. Take the Mackinaw coat. It is a garment which is almost universally used, and I submit that a farmer goes into a store in Canada and pays perhaps $10 or $12 for a Mackinaw coat; that a garment equal to it cannot be bought any cheaper any place in the known globe, even in England. It is an absolutely pure woollen fabric. Of course there are imitations, but if the farmer buys a garment, the maker of which will put his name on it, he will get a garment equal to what he would get any place in the world.

By Mr. Sales:

Q. Will you tell us where else in the globe they make Mackinaw coats, outside of the American continent?—A. There have been established woollen

mills in this country and they have worked up a particular fabric suitable for a cold climate. They have developed a Mackinaw of very excellent cloth, both in construction and in the character of the wool that is used in them. It is essentially a Canadian garment. It is being produced in the United States of similar cloth, but not so good in quality for the price.

Q. Still you have not answered my question.—A. What was the question again?

Q. You are referring to this particular garment and the conditions in other countries, and the question was where is a Mackinaw coat made except on this continent?—A. No, not made except on this continent.

Q. What is the use of comparing a Mackinaw made here with one made in England, when there is no such thing?—A. But Frieze is made in England. Take the 32-ounce pure wool goods, Frieze and Mackinaw, I think you could not tell the difference.

Q. I could tell the difference after I had used it 12 months?—A. Yes, but you would find that the Canadian made coat outwore the English Frieze.

By Hon. Mr. Sinclair:

Q. Does the Canadian made coat contain imported wool?—A. Some imported wool is used.

Q. What is the proportion?—A. I am not a wool man. I think the most would be of imported—a lot of the better grades. It might be of interest to the Committee to know also that clothing, as I said, as a matter of fact, constitutes nearly 20 per cent of the cost of living.

By Mr. Hammell:

Q. Do you make any Mackinaw coats?—A. No, I am free to make those statements because I am not boosting my own business.

By the Chairman:

Q. Do not have the slightest hesitancy about telling us of your goods. Do not let any undue modesty interfere with a correct representation of your viewpoint. I am quite serious in what I say.—A. The clothing industry in this country is very efficient. It is well organized; that is to say, individually.

Mr. SALES: No doubt.

The WITNESS: I read the evidence given by Professor Jackman before the Committee, in which he pointed out that one of the weaknesses of the farmer's position was that he was an individualist, that he was dealing with his own problems, and that there was no co-operative effort. I am prepared to state after 18 years experience as a clothing manufacturer, that the clothing manufacturer is quite as much of an individualist, that he is as free from agreements with his fellow manufacturer, as the farmer is free from agreements with his fellow farmer.

By the Chairman:

Q. May I interject a question there?—A. Yes.

Q. You have to buy a lot of woollen goods?—A. Yes.

Q. And you have to buy a lot of cotton goods?—A. Yes.

Q. Do you find competition among the sellers of cotton goods?—A. If you would not object, Mr. McMaster, I would like to follow the suggestion—

Q. While the question occurred to me, I would like you to answer it. You have to go into the market to buy a lot of cotton goods?—A. That is the raw material to make up a lot of the stuff we make, yes.

Q. Do you find much competition among the sellers of these cotton goods to your concern?—A. Competition?

Q. In price?—A. We have competition with the English.

Q. I want you to try and grasp the meaning of my question. Try and answer it directly. We are not dealing with competition outside. We are dealing with competition inside. Do you find that there is any real competition among those who manufacture cotton when they come to sell you, as to the price of quality?—A. Oh, yes, there is competition.

Q. Let me ask you this question. Have you ever had, within a week, say, the Dominion Textile travellers visit you, and Canadian Cotton's travellers visit you and offer you substantially the same goods for substantially different prices?—A. I think I know Mr. Chairman, what you are trying to get at.

Q. It is not difficult. The question is a very clear and plain question.—A. I think I am perfectly clear as to what is in the back of your mind.

Q. It is not in the back of my mind. My head is full of it at the present time.—A. I would like to see some competition.

Q. You would like to see some competition?—A. Yes. Personally I would like to see some competition in the business, but I am not sure that it would be to the advantage of the public of Canada.

Q. That is another question. That is a question on which we may all have differences of opinion. There are some people who are socialists and believe the State should take charge of all production and eliminate all competition, but the point I want to make now is, and I think I will ask you to reply directly to my question. Do you find, say, during a week, that the Dominion Textile Company and the Canadian Cottons Company ever send their travellers to your establishment, offering you substantially the same goods at substantially different prices?—A. No. Now, I might be permitted to follow that line a little further.

Q. Certainly.—A. I would say in the first place that I am not here to deal with the question of the production of cotton goods. I am not a cotton goods expert.

Q. Let me interject this, Mr. Sparks; cotton is one of your great raw materials?—A. Yes, sir.

Q. Take all you spend on raw materials, what proportion does cotton bear to the whole?—A. You mean, the whole industry in Canada?

Q. No; take your own case.—A. About one-half.

Q. You see, Mr. Sparks, that it is of vital importance to us who are investigating into the buying power of the farmer, to know what you have to pay for your raw material, because if your raw material is artificially enhanced in price to you, you have to pass it along to the consumer?—A. Yes, sir, but the Treasury gets the tariff.

Q. How does that come about, how does the Treasury get the tariff upon goods which are manufactured in the country?—A. No, sir, that is quite right. I want to follow this up, Mr. Chairman, and say this; in my manufacturing experience I said I was not sure that competition would be a good thing. I base my statement on my experience as a manufacturer. We will take for instance the production of a specific cloth, of which the consumption in this country is, we will say, 10,000,000 yards; if we had competition, and if there were ten mills operating, each making 1,000,000 yards of cloth, my manufacturing experience absolutely convinces me that they could not make it in any case nearly as cheaply as one mill making the whole ten million yards. That is what the Canadian mills have done—they do compete.

Q. When you say that that is what the Canadian mills have done, what do you mean?—A. The Canadian cotton mills; they do compete with one another in the same lines of goods. In a general way, one manufacturer will make all denims. These are goods used in all kinds of manufacture. There is only one manufacturer of denims.

By Mr. Sales:

Q. Who are they?—A. The Canadian Cottons.

By the Chairman:

Q. Has the Canadian Cottons gone out altogether?—A. Yes. I think it is to the advantage of this country that there is only one company making denims, because they are producing more cheaply, on account of making large quantities.

Q. Denims are supposed to be manufactured in the United States?—A. Mr. Chairman, if I might be permitted to say so, I am here to discuss the largest manufacturing operation in this country, namely, the manufacture of clothing, and I am prepared to answer any question you may wish to ask me on the question of the production of the raw material, which is a mere incident as compared with the subject I am prepared to discuss, because my industry is as big as the Canadian cotton and woollen mills; I am representing manufacturers whose operations are very important, and if conditions are bad in that industry probably more people would be affected than would be affected by conditions in any other industry. Whether there are conditions in competition with Canadian mills which are opposed to the public interests or not, I do not propose to discuss, and I am going to ask you to relieve me of the obligation of discussing that question, because I want to discuss a subject with which I am familiar and which is in itself of tremendous importance to this country, and I do not want to get that out of my mind, because it is of fundamental importance, namely, the question of combination.

Q. It seems to me that when we have an honest and intelligent witness like yourself with us, we must get from him all the knowledge he possesses, and although you might like to restrict your answers to just a single part of the economic field, we would like you to try and help us in solving these problems, even if they are only indirectly your problems. We quite grant that the clothing industry is of immense importance to this country, and while for the purposes of the argument at least I will take your statement that there is free competition among the different clothing manufacturers, I have the impression that there is no real competition among the cotton manufacturers in this country, who supply you with your raw materials. You answer that by saying quite frankly that you do not think there is much competition between the different textile manufacturers in Canada, but you go on to say that you think it is in the interests of the nation that there should not be, that you think that by specializing on certain lines that would bring about a drop in costs to the people?—A. Yes.

Q. Will you go a little farther, and help us in our further investigation; you say for instance that there is only one mill in Canada which manufacturers denims, and you say denims are used for overalls. There is no class of people in the country that use overalls more than our farmer folk. You say denims are manufactured very cheaply; the next question is, there is a duty on denims which we will look up as we go along. Just wait one minute, Mr. Sparks, I am sorry I have not all these duties in my head, but they are too numerous.—A. What the duty is is of no importance.

Q. If you do not mind, Mr. Sparks, as long as I am Chairman of this Committee I wish to conduct it with all courtesy to everybody, but I must be

allowed to conduct it in my own way. If you will pardon me a moment, I will find out what the duty on denims is.—A. You will not find it under denims You will find it in Item No. 523 or 524, I am not sure which.

Q. Fabrics of cotton, printed or coloured—would that be it?—A. Yes, sir.

Q. The British preference tariff is 22½ per cent, the intermediate tariff is 30 per cent, and the general tariff 32½ per cent. That is your raw material, is it not?—A. We use them.

Q. You use them quite freely, do you not?—A. Yes.

Q. Have you ever tried to buy denims in the United States?—A. Lots of times.

Q. When you bring them in and pay the duty, how does the cost compare after you pay the duty?—A. At the present time it would be 50 per cent over the home article.

Q. Take it over a term of years, is that the ordinary difference?—A. There are tremendous fluctuations; in the case of a distress market it is possible to import denims, while at the present time we could not think of it. The price of denims without the duty is approximately the price in Canada.

Q. But that is not a normal condition?—A. No, sir, that is not a normal condition.

Q. What would the normal condition be?—A. The normal condition would be that denims would be considerably cheaper in the United States than here.

Q. Would that be so?—A. It has been a good while since they have been much cheaper; it is a good while since there has been a general condition; we have got away from general conditions.

Q. The fact that we find that the duty on denims is 32½ per cent is pretty good evidence to us who have been studying the tariff of this country that our cotton manufacturers consider that United States competition or English competition is very severe, or they would not have put 32½ per cent against it?—A. Your experience is not so large as mine. The price of denims to-day in the United States is about the same as it is in Canada.

Q. You are also frank enough to say that the condition in the United States is not a normal one?—A. Yes, sir.

Q. Taking one year with another, they are cheaper there than here?—A. Yes.

Q. Do they make denims in the Old Country?—A. Yes.

Q. How do the prices there compare?—A. The price of all cotton goods manufactured in England is less than the cost of cotton goods produced on this continent.

Q. That is true now, and has been true for many years?—A. It is, due to lower labour cost and tremendous production of individual lines.

Q. Have you any evidence to give us as to the comparative prices in Great Britain, Canada and the United States, in denims?—A. No, sir.

Q. You have not acquainted yourself with that?—A. No, sir.

Q. Do you often buy denims in England?—A. No, sir. The Britisher has been out of this country a long time.

Q. We interrupted you, Mr. Sparks, Proceed in your own way.—A. Here is a thing that is of a good deal of interest. Competition is absolutely unrestricted in the clothing business. There is not a scintilla of evidence to show a combination, and I will tell you why; there are in Canada 317 manufacturers of men's and boys' clothing; there are 63 manufacturers of caps; 58 manufacturers of men's hats; 66 manufacturers of overalls; 119 manufacturers of shirts; 28 manufacturers of neckwear; 32 manufacturers of mackinaw clothing. In women's wear there are 52 manufacturers of children's coats; 288 manufacturers of ladies' cloaks and suits; 91 manufacturers of children's

dresses; 56 manufacturers of wash dresses; 184 manufacturers of silk and serge women's dresses; 106 manufacturers of women's skirts; 95 manufacturers of women's waists, and 35 manufacturers of women's whitewear. My experience leads me to believe that there is absolutely no relationship between any two of them, in so far as price is concerned, that there are only two factors governing the cost of manufacture, one of which is the cost of production, the other the fiercest kind of competition. I am prepared to state that in my judgment the average profit normally on clothing would be less than three per cent net; I am prepared to go farther and say that during the depression during the past two years clothing has been produced at a net loss, that is to say, the consumers in this country have paid less for a period of two years for their clothing than it cost the manufacturers to produce that clothing. I say that because I know. Twenty-five per cent roughly of all the clothing manufacturers in Canada have gone bankrupt.

Q. How many?—A. Twenty-five per cent of the whole industry. I say that our condition from that standpoint is worse than that of the Alberta farmer; I say we have suffered more than the Alberta farmer. I say that 75 per cent of those who are to-day engaged in the business are just on the edge of bankruptcy.

By Mr. Sales:

Q. How did you acquire your information as to the condition of the Alberta farmer?—A. From the newspapers. I saw that 40 per cent of them were bankrupt. I saw a statement that if an inventory were made, 40 per cent of them would have assets less than their liabilities.

Q. You have no personal knowledge of that?—A. No, sir, I have no personal knowledge of it. I know nothing of the farmers' condition. I am merely taking the evidence given before this Committee, together with newspaper reports. If that condition is correctly set forth, I say that the condition of the clothing manufacturer is worse than that of the Alberta farmer. I say this, that during the year of 1921, to the best of my knowledge—and I have a fair knowledge of the industry—I have made investigations of the industry, I have not simply sat in my own factory and drawn conclusions, I have made some investigations, and I am convinced that— perhaps that is a broad statement; I was going to say that not a single manufacturer made a profit in 1921. There is a total of about 1,200, I would say, clothing manufacturers and of the 1,200 less than 100 made a profit in the whole season of 1921. I would say that practically all manufacturers lost in 1921, that the majority of them lost in 1922, a few, a substantial number, broke about even, but comparatively few made a profit, but if we will take the two years as a whole, the clothing in this country was sold at a less price than it cost to produce it. That is important. I think it is important that the farmer should realize that, should realize that the largest group, by far the largest, producing the thing which he spends more money on than anything else, is in a woeful condition as a result of conditions at the present time.

By the Chairman:

Q. You were hit by the deflation, just as others were?—A. Positively, tremendously, and I have heard it said that there is no deflation in the cost of the things the farmer has to buy. That is utter nonsense; I have had experience. I am producing to-day about 10,000 garments per week in my own place of business. I have been producing that for some years, I am familiar with the trade, I am selling in a large way, and I submit, sir, that I have knowledge of the fact that perhaps not to-day, but three months ago clothing was being sold at substantially less than the price of the peak.

Q. Have you made any comparison, Mr. Sparks, along the lines that have been made in this Committee, between the prices of 1913 and 1923?—A. I have a general knowledge of the difference.

Q. What would you say was the difference in price, between ten years ago and now?—A. It is rather difficult for an individual to make a broad statement; there are a lot of figures, the Labour Department has prepared figures showing the difference. My own experience in a general way would lead me to believe that prices are from a third to 50 per cent higher to-day than in 1913. That will vary, because of the rise in the cost of raw materials. The clothing manufacturing has nothing to do with it.

Q. And the labour cost has much to do with it?—A. Yes.

Q. Mr. Pedlow gave us this rather striking fact; he said that if a woman came into his store in 1913 with $10 bill, she could take away as much dry goods as she could do now if she came in with a $20 bill. I am putting that on the most reasonable basis. What would you say to that?—A. Mr. Pedlow is a very efficient retail merchant, and I would hesitate to question Mr. Pedlow's statement of that, because he would have the information. My own opinion would be that he was a little over, that it was not twice as much. I know the commodities I am selling are not twice the price of 1913; my own particular product is not twice that. I can bring samples here, and show you what I sold them for in 1913, and what I am selling them for to-day.

By Hon. Mr. Sinclair:

Q. Do I understand that you have particular reference to overalls?—A. No, overalls are not twice the price of 1913.

By Mr. Caldwell:

Q. How much higher will they be?—A. I would say they were about 50 per cent higher.

Q. That is, from the manufacturer, but retail, are they not 100 per cent higher than they were in 1914?—A. I do not think so; they gain a little, because the retailer puts on a tremendous advance; they would be relatively a little higher. I would prefer not to discuss retail prices, because I am not familiar with them.

By the Chairman:

Q. You wish to keep pretty closely within your own special line?—A. My experience has been that there is a lot of people give an opinion on things they do not understand, and I do not want to get into that class. I am here to discuss and answer questions on what appears to me to be an important problem, and I would prefer to confine my answers to that.

Q. Very well, taking you just on the ground you have chosen, tell us the different garments you produce, and what they are made out of?—A. We are the largest producers in Canada of low price boys' pants, boys' bloomers, separate from the suits. We are producing about 250 dozen a week.

Q. Of what sort of materials?—A. Woollen and cotten, cheap tweeds, largely English.

Q. You get these in from the Old Country?—A. Yes.

Q. You pay a duty of how much on them?—A. 27½ per cent, I think, now.

Q. If the duty were 10 per cent, could you reduce your price?—A. Oh, undoubtedly.

Q. Then we have boys' bloomers; what else is there?—A. Our children's department is the biggest; we make children's overalls, and these little play suits, children's blouses, boys' blouses, boys' shirts. In our men's department

we make men's pants, we do not make suits, we specialize in making separate pants.

Q. And you make those of what sort of material?—A. They are made for working men and farmers; we use tweeds, no worsted, cottons, and cottonade.

Q. What is cottonade?—A. It is a sort of cotton tweed, it is very largely used in this country.

Q. Those are articles of consumption used by the people of modest means? A. Yes, farmers and working men largely.

Q. And how much does that raw material represent of the cost of your finished product?—A. It would vary, of course, according to the value of the goods. There is no general average—I cannot give a general answer to that.

Q. Let us take a specific case. These boys' bloomers will be used by a great number of people of modest means with families of boys?—A. Yes.

Q. They are made of cheap tweed that comes from England?—A. Yes.

Q. On which there is a duty of 27½ per cent?—A. Yes.

Q. How much does the price of the cost enter into the cost of production? A. About half the cost, in round figures.

Q. What do you sell these bloomers at?—A. What price?

Q. Yes?—A. The line that we sell mostly sells at $12 a dozen, that is $1 a pair.

Q. And of that $1 a pair, 50 cents is represented by the cost of the goods? —A. Yes.

Q. And of that there is 27½ per cent duty?—A. Yes.

Q. What machinery do you use?—A. We use the best machinery that can be produced. There is not a modern machine that can be produced in America that we have not got in our plant. In fact, I am rather pleased to say that I think in one case I was the first man in Canada to bring in a modern machine.

Q. Where did you bring it from?—A. From the United States.

Q. What duty did you pay on it?—A. My recollection is, 35 per cent.

By Mr. Sales:

Q. Do you pay a royalty on these machines as well?—A. No, there is only one machine usually used in the clothing trade that has a royalty on it, that is one particular type of button-hole machine, which we cannot buy outright.

By the Chairman:

Q. You get very efficient labour, do you not?—A. Yes, very efficient.

Q. Who live around here?—A. Yes, our factory is in Hull.

Q. How do the prices that you pay to your girls—they are mostly girls, are they?—A. Yes.

Q. How do your prices compare with the prices that are paid in the United States for similar labour, do you know?—A. I would say about the same.

Q. I suppose they are considerably higher than what is paid for girls doing similar work in the Old Country?—A. Very much higher.

Q. Let us leave the bloomers and go on to the boys' shirts.

Mr. SALES: Can we get some information as to wages?

By the Chairman:

Q. The witness has said that the wages are about similar to those in the United States. Perhaps you can tell us just what you are paying your help at the present time.—A. Perhaps I had better answer that by saying that the minimum wage—there is a minimum wage in Ontario, and I think the minimum wage is $12 per week for on experienced operator. That is the minimum wage.

Q. Are you paying the minimum wage or better?—A. We are paying a good deal more than that to good operators.

Q. To a good operator?—A. Yes, that is the minimum.

By Mr. Sales:

Q. Do you pay by piece work?—A. Altogether piece work.

By the Chairman:

Q. What do the girls earn?—A. They earn all the way from $10 to $20 a week.

Q. These girls will be girls running up from sixteen years to twenty-three years of age or so?—A. Yes. There is a law that we cannot employ them under, I think, the age of seventeen; I am not sure.

By Mr. Sales:

Q. What are their hours?—A. We are working 46 hours a week.

By the Chairman:

Q. Let us take the boys' shirts. The boys' shirts are made of cotton?—A. Yes.

Q. What is the tariff on that?—A. It depends on the fabric; do you mean from the United States or from England?

Q. First of all take the shirt you sell the most of.—A. Yes. I think that would be coloured goods, it would come under number 523.

Q. That gives the British preferential tariff 22½ per cent the intermediate tariff 30 per cent, and the general tariff 32½ percent?—A. Yes.

Q. Do you get anything in from the United States, or are you mostly supplied from Canadian mills?—A. Just now, from Canadian mills, because they are cheaper, but we very often do a large business in the United States and Great Britain.

Q. These coloured fabrics, who are they made by?—A. All of the mills.

Q. They have not centralized the business into any one mill, as far as coloured fabric is concerned?—A. No.

By Mr. Sales:

Q. How many Canadian cotton mills are there, Mr. Sparks?

By the Chairman:

Q. How many companies are there, you mean?

The WITNESS: I could not tell you that offhand.

Q. What are the ones you deal with?—A. We deal with the Canadian Cotton Mills, we deal with the Dominion Textiles Company, we deal with the Montreal Cottons, we deal to a limited extent with the Welland Cotton Mills—not very much with them. We do not deal with them, very much, we confine our business pretty well to three mills, the Montreal Cottons, Canadian Cotton and Dominion Textiles.

Q. Sometimes the one, sometimes the other?—A. Yes.

Q. I suppose you generally find the three charge about the same price?—A. No, there is great variety. At the present time, one of the companies is very much lower than the others; I think they bought cotton at a lower price. There is no agreement on that end of it. That is, there are periods when one mill is comparatively cheap, and the other dear.

Q. You said, "There is no agreement on that end." What end is there agreement on?—A. I do not think there is any agreement, as a matter of fact. I do not know of it.

Q. There is not much competition?—A. No, I would like to see more.

Q. What is the reason for the lack of competition; they must all want to sell an establishment like yours?—A. There is competition. The lack of competition is due to the fact that to a certain extent very largely they make different goods. There is competition between them, that is, if denims are too high we will buy drills from another man, that is to say denim and drills are both used in overalls, and there are times, in fact, now is one of the times, that denims are highest; that if we find we can buy printed drill which will answer the same purpose and on a lower basis. We get a certain amount of competition. They cannot hold us up; and more than that, we get British competition, and the British tariff is very low. We get lots of competition from foreign countries.

Q. But I was thinking of competition within the tariff wall, that is not so intense?—A. No.

Q. You say that the fabrics that go into these boys' shirts are item three in the tariff, 22½ per cent British, 30 per cent intermediate, and 32½ per cent general tariff. Will you tell me what is the value of the material that goes into that shirt, as regards the value of the finished article?—A. It will be more than half.

Q. Sixty per cent?—A. Possibly so.

Q. Suppose that the Canadian mills were filled up with orders, or there was a desire to raise the price a certain extent that you thought it better to go outside the country to buy, would you direct your order to England or to the United States?—A. Wherever I could get the best price.

Q. Where would you look with most hope?—A. I think just now I would look with most hope to Great Britain.

Q. Other times to the United States?—A. At times, depending on the conditions. At the present time there is a boom in the United States and a depression in England, and therefore you are more liable to get cheaper cloths in England.

Q. Taking the present condition, if you bought in England you would have to pay 22½ per cent, and then you would pay what sales tax if the goods came from England?—A. Three and three-quarters, I think.

Q. You would pay your sales tax, of course, established on the invoice price plus the duty?—A. I am going to say some very interesting things on that when I get through; I would prefer you would leave that; I think I will surprise you on that.

Q. Just to make the record read logically, you would agree with me of course, that the sales tax is based upon the invoice plus the duty?—A. No, no, positively no.

Q. The sales tax is not calculated upon the invoice price plus the duty?—A. Yes, yes, I beg your pardon; I misunderstood you.

Q. We have got the boys' bloomers and the boys' shirts; anything else for boys you make?—A. Yes, we make a lot of other things, but they are all in the same class.

Q. What do you sell these boys' shirts at?—A. Well, we start at, the lowest line we sell is $4.25 a dozen, about 35 cents apiece.

Q. And running up to how much apiece?—A. Up to $12 a dozen, a dollar apiece.

Q. From 35 cents to a dollar apiece?—A. Yes.

Q. We have been on the boys quite awhile; let us turn to the girls, do you make anything for girls?—A. No.

Q. For women?—A. Not at all.

Q. Do you make overalls?—A. Yes, mainly.

Q. Take the overalls; how much material enters into the total price per overall?—A. Again roughly one-half. You see there is this must be taken into consideration, the relative amount of labour to the amount of raw material will differ in the value of the raw material, that is if goods are worth one dollar a yard it is just as expensive to make up a garment with goods at one dollar a yard as goods that are fifty cents a yard, but the percentage of labour to raw material will be entirely different, so that you cannot make any general——

Q. The lower the price of the article the greater proportion is represented by the raw material?—A. No, just the opposite.

Q. Explain that to me?—A. The labour is the same; the labour is relatively high on a cheap garment.

By Mr. Sales:

Q. What is denim worth per yard now?—A. That again depends upon the weight. It runs from four to eight ounces.

Q. Tell us the different prices of the different weights?—A. I have not got the price list here. Then there are different constructions; there are different weights and different constructions; I could not say what is the price of denim any more than I can say what is the price of any other commodity that varies in price in quantity.

Q. You are buying drill to-day because denim is too high?—A. Just temporarily, I have switched one or two numbers on to drills.

Q. What is the difference in price?—A. Different constructions; one has a twill and the other has not.

Q. The price?—A. There is no difference; they are sold on weight. An eight ounce denim and eight ounce drill would be substantially the same price; after all it is how many ounces of cotton makes a yard.

Q. You have not any idea of the price?—A. Eight ounce denim today I think the price is about 36 cents per yard.

Q. What do you call the other weights?—A. As a matter of fact the Canadian mills do not sell on weight; they sell on number. We would sooner they would sell on weight. We know about the weights, but they confuse us a little by giving us " This is 480 and the next 690 and the next 890 ". It is difficult to make a comparsion.

Q. This means one yard makes eight ounces?—A. Yes.

Q. What is the next amount, six ounces?—A. You can buy seven and six.

Q. How low do you go, what is the lowest that you make up into overalls? —A. I don't think there would be a denim less than five ounces, four perhaps, very thin ones for children's clothing.

Q. What would the five ounces cost as compared with the eight?—A. I am not sure; I think if one cost around three cents the other would probably be between five and six.

Q. How many yards make a pair of overalls—take a good sized man, take a 40-size man?—A. I see what you want to work out; I would prefer to work out a pair of overall pants; that is what I make; I do not make bib overalls; I am a specialist; I specialize in certain lines.

Q. Overall pants?—A. In the neighbourhood of thirty yards for an average garment for a man, thirty yards to the dozen; we figure by dozens always—$2\frac{1}{2}$ yards apiece.

Q. What do you pay the girls for piece work to make these pants, by the dozen?—A. I am afraid I cannot answer that; I am not the factory end; I could come before the committee and give it in detail, the cost of every operation, but I have not got my cost book with me.

Q. You could get that at noon?—A. Yes, quite easily.

Q. What do you sell them at?—A. We are selling eight ounce denim pants now I think at $16.50 a dozen.

Q. That is the best quality overall we can buy, is it?—A. That is a good overall; it is an eight ounce.

Q. Is your eight ounce the best quality overall we can buy?—A. Yes, that is about the best quality that is usually sold; you can buy a better, but that is the best overall, yes. I will answer that is the best overall.

Q. You sell to whom?—A. Personally I sell almost exclusively to the wholesale trade; I also sell to large mail order houses and very large retail houses, but the great bulk of my business is to the wholesale trade, that is to the jobber.

Q. You do not refuse to sell to a retailer?—A. Yes, we do; oh, yes, we are not organized to sell to the retailer.

Q. I thought you said you did sell one retailer?—A. I sell to large retailers, I sell to Simpson's and Eaton's, for instance; they are retailers.

Q. What is your brand?—A. I have no brand.

Q. You do not put your name on?—A. No; selling to the wholesale trade they do not like handling branded goods; they handle goods with their own brands; they put their own brands on.

Q. You said when a manufacturer puts his name on you could depend on it?—A. I was speaking of Mackinaw coats; there are some Mackinaw coats branded with the manufacturer's name, and you have to know what you are getting. There are imitations of Mackinaw, and I was speaking of a specific garment on which you could get a branded line. You cannot get my goods branded, because my customers do not want a brand.

Q. If they want a brand you put on their brand?—A. Yes, I put on their own tickets if they wish them, often do.

By Mr. Gardiner:

Q. Have you any information in regard to the cost of fixings that go into a pair of overalls, or a dozen pairs of overalls?—A. No, I cannot give you that offhand.

Q. Will you get that information at noon?—A. Yes. If it would be of any interest I could work out the cost and manufacturer's profit on the whole business.

By the Chairman:

Q. Perhaps you could do that at noon?—A. Yes; I don't know if I could get it ready at noon; I will put it in the form of a table.

Q. We have something before us at 7.30 to-night and we will sit a little later to give you the opportunity of getting these figures together, because I am sure from your manner of giving your evidence that you have merely to refer to your book?—A. Yes.

By Hon. Mr. Sinclair:

Q. Following up that question of Mr. Sales', selling to the wholesale trade; what branch of the trade do you sell to?—A. The jobber.

Q. Your identity is lost?—A. Yes. My object is cheap production. I make goods cheaply; I have no selling organization at all.

Q. Do you know or do you attempt to find out whether your objects are carried out with the consumer, giving him the benefit of your efforts?—A. Yes, competition takes care of that; you can rely on that; in the clothing business competition is the dominating factor in every transaction.

Q. The jobbers you sell to they would be also buying goods from another company that is manufacturing the same goods you are?—A. Yes. In selling my goods if my goods are five cents a dozen less than any other concern I would get the business.

By Mr. Sales:

Q. Do you employ travellers?—A. No; my partner and myself do all the selling; we sell our whole production months ahead, and then go and make it up.

Q. Make a tour and visit these jobbers?—A. We go and see them at seasons, and sometimes they come to us. We have to go after the business. We have lots of competitors.

By Hon. Mr. Sinclair:

Q. You sell to different jobbers?—A. Yes. We sell to every jobber in Canada of any consequence, eastern jobber; we do not do much western business.

Q. In preparing the other statements that are asked for, will you give to the Committee a statement to show the price you received for these different productions in 1913, and what you receive now?—A. Yes; I think I could compare that.

By Mr. Sales:

Q. Would you also give us a statement showing your wages in 1913 and your price as compared with 1923?—A. Yes, I think I could get that.

By Mr. Munro:

Q. I understood the witness to say that he sold to large retailers, not to small retailers?—A. Yes.

Q. Why is that?—A. Simply because they buy in volume.

Q. Would you refuse a small retailer if he had the money to pay for the goods?—A. Yes.

Q. Because he was not buying in large enough quantity?—A. Yes; I am not equipped to handle his business.

By Mr. Milne:

Q. How large an order would it have to be before you would consider it?—A. I would not consider an order from a retailer at all; my own view; there are some trying to do it, but they cannot do it; my own view is you cannot successfully sell to the wholesale trade and the retail trade also.

By the Chairman:

Q. Unless the retailer is real big?—A. Yes, unless he is big enough to buy as much as the wholesaler and then the wholesaler cannot object.

By Mr. Caldwell:

Q. Otherwise the wholesaler would object?—A. Yes, he won't object if you put on a high enough price to the retailer.

Q. So that he cannot compete?—A. The wholesaler is performing a very valuable function. I know that because I am dealing with them. I appreciate, perhaps some people do not appreciate, the great value the so-called middle man is. The middle man in this country performs a very valuable function.

By the Chairman:

Q. Supposing you enlarge upon that; tell us on what you base your views that the wholesaler is performing a very necessary function?—A. I want to base on this. I want to admit weakness in our industry, and that we realize that our cost of selling is too high. I am not speaking of the cost now. I am talking of the trade generally, that is, the manufacturer who is selling to the retailer, and 95 per cent of them do. I have sold the retail trade for many years, and I

know the conditions. The cost of selling merchandise in this country is too high. It is high because of the scattered population. We sell by commercial traveller, and when you go from Halifax to Vancouver it is a tremendous expense. He cannot sell any more goods than he can sell on the Island of Manhattan, where he can travel on a street car.

By Mr. Sales:

Q. What is the average commercial traveller's cost today?—A. I do not think you can keep a man on the road, paying hotel bills, at any less expense than $40 to $50 a week, unless he is touching the small towns, but if he is touching the big towns where he is staying at the best hotels, and he has to stay at the best hotels—I heard an interesting calculation that it costs the manufacturer $10 for a man, during his working hours. That is, in the city of Montreal it costs him $10 a day to live.

Q. His expenses?—A. Yes, and salary in addition.

Q. What do they get as a rule?—A. There is a great variety of travellers.

By the Chairman:

Q. What would be a fair average to strike? I know there is a great variety. —A. Take the run of commercial travellers and the run of their salaries. The run of the salaries would be about $250 a month, $3,000 a year.

By Mr. Sales:

Q. But $10 for railway and hotel expenses?—A. Pretty close to $10 a day.

Q. Out in our western country they would not make very many towns a day?—A. No. If I might say something right here to show we appreciate or that I appreciate the sense of this problem—I have given a good deal of thought to this, and a year or so ago it was impressed upon me and I thought there might be a solution, and I thought the solution could be found in the establishment of what is known as trade exhibitions, trade fairs, or a central market. The trade fair exhibition of merchandise is largely used in Europe. There are about 30 large trade fairs held annually in Europe, in Leipsig, the British Industrial Fair, the Lyons Fair, which makes drygoods people go there every year to buy. In Russia, pre-war conditions were much like our own; a very large part of the commerce of the whole country was done at a fair in Nijni-Novgorod, and merchants from all over Russia came in once or twice a year and bought their supplies and went back. I conceived an idea that that was a sound method for this country. I went to Chicago, to St. Louis, to New York, to Cleveland, and I went as far south as Greenville, South Carolina.

Q. What sort of trade fairs were those, drygoods?—A. Yes. And as a consequence I took the matter up with a number of other manufacturers and the Manufacturers Association, and two years ago we held a textile products exhibition in the city of Toronto, where we got 70 manufacturers and they established themselves in the King Edward Hotel. We took a whole floor and invited the retailers to come in and buy their merchandise. We put out some propaganda. I had the privilege of addressing the convention on the idea of merchandising through trade fairs, and I presented figures showing that if the merchant would some to the market instead of asking the manufacturer to go to him, the cost of clothing could be substantially reduced. In practice this is what has happened: a manufacturer in Carleton Place wants to buy 150 suits for the spring. What happens? Perhaps 25 manufacturers pack up from one to ten, or a hundred samples and they go up to Carleton Place and sell that man the clothes. My theory was if the man from Carleton Place would come down to Montreal, instead of paying 25 fares, he would pay one, it would be very much

cheaper. This is another illustration I think I can demonstrate—I am not going to take the time, but there would be a substantial reduction.

The CHAIRMAN: I think that interests the Committee.

Mr. SALES: It surely does.

The CHAIRMAN: We have no objection to your developing your idea.

The WITNESS: What happened was that: we got 3,000 retailers to attend, but they did not buy anything. In fact, there are many manufacturers who say "you cannot get the trade fair idea in Canada." My view is this, that in the development of exhibitions, we developed in this country the National Exhibition in Toronto, the greatest institution of its kind in America. I think it would be sounder if we developed trade exhibitions. If it were possible to develop the Leipsig and the Nijni-Novgorod idea, it would be a great improvement instead of this frightful ecomomic burden of paying commercial travellers, who to my mind are ecomomic wasters, although, mark you, this method of merchandising is the retailers fault. He insists that we carry the goods to him, and he insists that we go after him.

By the Chairman:

Q. We heard the other day of a company in Winnipeg. It had been made up by a syndicate of retailers who had formed a company and they had developed this idea of yours, of the economic waste of a great many commercial travellers. They sold about two-thirds of their turn-over to their own members and about one-third was sold to retailers who were not their own shareholders. They called into convention twice a year the customers, whether they belonged to the company as shareholders or not. They brought them together twice a year, and they were able by this method to substantially reduce prices. But they came up against great difficulty in dealing with manufacturers and agents. They were accused of being an illegitimate wholesale house, and very often certain people refused or neglected to sell them. Would you refuse to sell to a house of that sort?—A. I think in the first place, if I might answer your question, that you are confusing two ideas. You are confusing the idea of co-operative buying with the idea of trade exhibitions. There is no relationship at all in the two.

Q. I have the two things quite clearly distinct in my mind, but I want to point out to you, and it is confirmation of your view, that it would be cheaper to bring together the buyers at one central place, rather than have half a dozen travellers visit, half a dozen travellers visit—all over the smaller places. It was pointed out that that idea had been developed by this company, which had been organized in the first place to collect buyers, that this company had adopted your system of calling the customers into one central place. That is one thing. I am not confusing the two things, but I ask you can you say as a gentleman who has considered not merely the technical part of his business, but the economic implications of doing business in certain ways—I ask you, can you see any objection to that way of doing business?—A. To co-operative buying?

Q. Yes, is there any economic objection that you can see?—A. Yes. There are some fairly well established agencies for the distribution of goods.

Q. The commercial traveller would say he was one of those fairly well established agencies. You want to get rid of him?—A. I have never been asked to sell one of these co-operative organizations. I know my customers would object if I went out and sold their customers.

Q. I am going to ask you as a gentleman who has really studied the economics of distribution—you have shown us that—having considered the econ-

omics of distribution, can you see any economic objection in a certain number of retailers forming a company?

Mr. SALES: A wholesale company.

By the Chairman:

Q. Forming a wholesale company for the purpose of buying through that wholesale company, which in turn will sell to themselves and others as well. Can you see any objection to it?—A. They are not legitimate wholesalers at all.

Q. In what does their illegitmacy consist?—A. I do not think, if you will permit me to say, that I would like to argue that question. It does not affect me, and my knowledge of co-operation amongst retailers of that kind does not cover a very wide scope, because I have never studied it; never had to study it.

Q. You admit the problem, do you not, that our costs of distribution in this country are far too large?—A. Owing to our geographical conditions; no other condition.

By Mr. Sales:

Q. That is the point I would like you to answer, as to the wholesale warehouse in Winnipeg.—A. I would prefer not to discuss that company's business.

Q. I am going to put one question to you. I am describing the position first. They have a wholesale warehouse; they distribute only to retailers. They have nothing to do with the consumer. If they came to you with an order for 100,000 pairs of overalls, would you sell them?—A. If you ask me what I would do and I had to answer, I think what I would do is this, I would ask some of my wholesale trade—I do not know the company at all—I would ask the people who are giving me 95 per cent of my business: "Have you any objection to my selling this particular retailer?" They would say "Yes, we are selling them. We would sooner you would not sell them". And that is all there is to it.

Q. If they came with the money and a big order, you would refuse the business?—A. If it threatened my other business. The time will come for the co-operative societies to develop. They will get lots of business, but they are going up against an established custom. It will be difficult to break in.

Q. You intend they shall have difficulty?—A. No, I have no intention in the matter at all.

By the Chairman:

Q. I understand your view is this: I as a manufacturer, cannot run the risk of offending my customers. That is the whole thing?—A. That is my personal view. That may not be the view of these who refuse to sell them. The starch man may have good sound reasons why he did not sell them.

Q. He is coming to-night.—A. You will get better information from him than from me.

By Mr. Caldwell:

Q. Mr. Sparks said he sold certain retailers if they bought in bulk. He says now there is another factor governing his selling policy. The reason you sell these retailers is that the wholesale trade have no objection to selling them? —A. They know that they are bigger buyers than they are.

Q. You said because they bought in quantity?—A. Believe me, we get lots of competition, and every buyer in Canada gets lots of competition. Mr. Pedlow will tell you there is not an article in his shop that he does not get competition in, not one single article in the retailer's shop, in clothing. Clothing is more important than steel or lumber or anything else. We are the biggest industry

[Mr. R. P. Sparks.]

in this country; infinitely the biggest and the most important. It is of interest to the farmer, and I want to make that clear.

Q. We know it is important. You cannot go out in zero weather without warm clothes on.—A. I want to make that clear. I made a few notes. That is all the preparation I made. I scribbled down a few notes last night. That is the difficulty now, the tariff on clothing, and I want to make this clear and I want you to keep in mind that competition is free; that if the tariff—.

Q. Before you get off the subject we have been discussing—.

By Mr. Milne:

Q. Do you consider the retailer plays an important part in the affairs of the organizations of our country?—A. Yes. So far as the retailer is concerned, I do not know whether the members of this Committee have ever read the evidence of the conclusions arrived at by a similar Committee in the United States, under Representative Anderson, Congressman Anderson.

Q. He is coming to speak to us.—A. Congressman Anderson will speak with reference to the condition of the retailer. My view is and it was before I read this, that the retailer has to a certain extent lost his function, and I am going to make another statement that I know will be challenged outside of here, if it should receive any publicity, that is that one of the tremendous economic ills of this country and of the United States as well, is national advertising. There are hundreds of millions of dollars spent in advertising for which there is no economic return. I contend I have studied the question, and that advertising is an advantage to the advertiser. He makes money out of it. It pays to advertise and it pays the medium of advertising. While I am on that, I would say it has enabled the newspapers to pay more for their editors and employees and it may be a good thing for the newspaper.

By the Chairman:

Q. In many respects it has made them somewhat subservient to the desires of their advertisers?—A. Quite so, but the advertiser is a very limited advantage to the public. I am not going to say very much about it, because there are two or three types of advertising. There is national advertising. National advertising has created what is known as a consumer demand and all the consumers have been impressed by the advertising, and as a consequence the retailer has lost his function.

By Mr. Sales:

Q. Who is responsible for this? Who pays for it?—A. The public pays.

Q. No, excuse me. Well all right, the public pays for it, but who hires the advertising?—A. Who hires the advertising?

Q. Who places the contract for advertising?

The CHAIRMAN: The soap manufacturers led off. It was Pears who started the great advertising scheme?—A. It is a great snowball that has grown up. You have to advertise. The manufacturer pays first, then takes it out of the public.

Q. It is the manufacturer who is guilty?—A. I am not prepared to lay the blame. I am prepared to attack the system.

By Mr. McKay:

Q. What would you substitute for advertising? Suppose you do away with advertising altogether?—A. No, I would not do away with advertising. I say there are two or three classes of advertising.

By the Chairman:

Q. Is the best way organized national advertising? That is, widespread advertising?—A. I have no objection to the retailer at all, in Ottawa, advertising in an Ottawa paper, who has some suits, if he wants to sell them.

By Mr. McKay:

Q. Supposing a concern is a national concern, selling goods all over the nation, must they not advertise all over Canada and all over the United States? —A. In the final analysis if he has something which has merit, it will come through whether he advertises or not. That is my own view. The purchasing power of the people regulates the amount of their purchase and nothing else. National advertising will never increase the purchasing power of the people. It will increase the purchase of one particular commodity. Nobody will say that demand is created by advertising, and I say nobody will say that people ever said that, that advertising creates demand. It does not create demand.

Mr. SALES: We have had a man here who said that.

Mr. HAMMELL: You are referring to milk and food?

The WITNESS: It creates the demand for one particular commodity, but demand is regulated by the purchasing power of the community, nothing else.

By Mr. Sales:

Q. Before you get down to your notes, let us clear this up: in your idea of the trade fair, you would then contemplate selling to the retailer?—A. Yes.

Q. Bringing him in to see your goods.—A. Yes.

Q. What would your wholesalers, jobbers and commercial travellers have to say about that?—A. They would not like it. The same issue has come up in the United States.

The CHAIRMAN: What was that question?

The WITNESS: How do the wholesalers and commercial travellers regard this.

By Mr. Sales:

Q. He has the idea of bringing the retailer to him and selling to the retailer direct. I want to know how the legitimate channels of trade regard this.—A. I am going to answer your question. First, let me make myself clear, that you cannot entirely eliminate the commercial travellers. There are some commodities you require him for yet, but I think it has gone too far. I think the commercial travellers, or any group, when a proposal is made to eliminate them, will more or less object. As to the individual traveller, I do not think you would pay much attention to it, as a matter of fact. In the United States, the Commercial Travellers' Association made very strong statements against the suggestion made in the United States, subsequent to the time I made the suggestion in this country because we developed the idea a little ahead of them, and the Commercial Travellers' Association took great offence at the suggestion that they should be eliminated, and presented a case saying they could not be eliminated, but that is neither here nor there.

Q. What attitude do your wholesalers take to that?—A. I have heard very little expression, only from one wholesaler. He did not like the idea at all.

Q. I wonder if this Committee ever realized the cost of commercial travellers. I am going to take a town near which I lived for a number of years. We had three hardware stores in that town, with two or three assistants in each one, and we had this situation—I do not know whether it applies to clothing, but it certainly applies to hardware. Ashdown's traveller would come into that

[Mr. R. P. Sparks.]

town, go to one store; Marshall Well's man would come in and go to one store; Miller-Morse's man would come in; Sherwin-Williams man would come in and would go to one store, and the Canada Paint Company would come in, and these men, as you say, costing $7 a day—

The WITNESS: $10 a day for expenses and $50 we will say for the traveller.

Q. $7,000 a year, practically?—A. Yes, and you see how this adds to the expense of the thing which the farmer must buy.

Q. Too many retail merchants, to begin with. You agree with that?—A. Yes; too many retailers and too many clothing manufacturers.

Q. All right. And all this expensive system of distribution?—A. Yes.

Q. And yet when anybody, whether it is a co-operative movement, or wholesalers, get together and try to shorten this method of distribution, they meet with these so-called channels of distributing the trade.—A. The most sincere effort to meet these conditions was made by the manufacturers themselves, and was sponsored by the Canadian Manufacturers Association. It was a trade fair, a textile exhibition. We spent $50,000 out of our own pockets to put it through, and the Canadian Manufacturers stood behind us. I want to call particular attention to the fact that the best effort that was ever made to meet the high cost of selling was made by the manufacturers themselves two years ago, and it was repeated in Montreal last February. We are having a meeting in Montreal to consider another question that was not a success from a selling point. We have not been able to get the retailer to buy anything. We had 3,000 retailers at the Toronto Exhibition. If they bought $1,000 worth apiece, there would have been $3,000,000 worth of goods sold, and we would have done it for 3 per cent instead of sending men out on the road and paying 12 per cent.

By Mr. Caldwell:

Q. Can you tell us why they did not buy goods in this way?—A. Because it was a new method.

Q. Might there be this factor in it: they were just a little afraid if they bought them from you at that time that the wholesaler would refuse to sell them the next time?—A. That was not the factor at all.

By Mr. Sales:

Q. Do you think the factor of credit to the retailer was a factor in it?—A. Not at all. They did not realize what we were trying to do.

By Mr. Milne:

Q. In your theory you are trying to eliminate the wholesalers?—A. No. I am trying to reduce the cost of selling merchandise.

Q. Why would you not ask the wholesalers to come and buy?—A. It would be quite proper to have them now.

Q. You ask the retailers to come?—A. Because we had two objects in view. The primary object in my mind, as perhaps one of the originators, was the development of the trade fair idea, but I found I could not get away with that idea alone, so we made it an exhibition, as a feature of the "Made in Canada" propaganda. The exhibition was confined to Canadian-made goods, but there is no reason if the Canadian trade exhibition idea could be developed, why the jobbers should not be there, and there is no reason the wholesaler should not be there, when we coupled up our idea with the Made in Canada idea.

By the Chairman:

Q. You coupled your economic idea with the non-economic idea?—A. An absolutely sound economic idea. I think that is the backbone of it, the development of the Made in Canada trade.

By Hon. Mr. Tolmie:

Q. You think the wholesaler plays a more important part in the distribution of our goods than the retailer?—A. No, I would not care to say that. I think both of them are absolutely necessary.

Q. Did you not answer my question at one time by saying that the retailer was a non-essential?—A. No, sir; we have always had to have him, and always will.

By the Chairman:

Q. I think you did say, referring to Mr. Anderson's report, that the retailer seemed to be losing his function?—A. Yes, sir; and if I may elucidate that, I will say that I have no idea of eliminating him.

Q. Well, elucidate it.—A. Here is what Mr. Anderson's report said, that in the old regime previous to the institution of national advertising, the function of the retail merchant, taking a small town, was that he was the judge of the goods, he was trained, he was brought up to know the value of merchandise, and when a commercial traveller came to him to sell merchandise to him he would select what in his judgment was the best merchandise, and he distributed that merchandise to the public. To-day he does not do that; he wants to buy for instance hosiery, the public are demanding a branch of hosiery known as "Hole proof" hosiery; it is not within his power to select and to say whether that particular brand of hosiery is better than some other brand, he is compelled by the consumer demand, aided by the manufacturer. It may be that in his judgment he could buy a non-advertised brand which was better in quality, and while the average retail merchant to-day is a mere agent for the manufacturer in the sale and development of certain brands, he has lost his function, he must select what the public ask for. It may be that those are not the best; I could demonstrate that there are inferior goods being sold in large quantities because they are advertised, and that there are better goods not advertised which the public will not buy. That is why I say the retailer has lost his function; he is not free to buy what in his opinion is best for the public.

By Mr. Sales:

Q. He does not need a traveller to come and sell him Holeproof hosiery?—A. No, sir. There are some national advertisers who do not employ travellers; they depend upon the created demand.

By the Chairman:

Q. It seems to me that it goes along with what you said about national advertising, where a national advertising campaign has taken place and a consumer demand has been created; what does the manufacturer do in order to be able to reap what he thinks is the full advantage of that line of procedure? He fixes prices that the retailer has to adhere to in reselling the goods?—A. I think is has that effect. The tendency of national advertising is to make prices higher, I think.

Q. Have you given any attention to lines outside your own?—A. No, sir. I prefer not to discuss anything like that. In what regard do you speak, Mr. Chairman?

Q. I have had a most complete list furnished me from a source upon which I can absolutely depend, in which the percentage of profit over manufacturers'

selling prices where prices are fixed is found in one column, and the percentage where the retailers and wholesalers fix their own profit is found in the next column. It is a most interesting list indeed; for instance, plain teaspoons per dozen, the percentage of profit over manufacturers' selling prices, where the prices are fixed, is 100 per cent; the percentage where the retailers and wholesalers fix their own profit is 65 per cent. In watches the manufacturer shows a very reasonable profit; he puts on from 55 to 65 per cent as against 65 per cent which would be charged by the retailer if he were allowed to fix his own. Take a thing like the Eversharp pencil, the percentage there is 66 as against 50 per cent. Here are some interesting figures.—A. Are there any clothing items?

Q. Yes, cloth and clothing. Flannel 54 per cent as against from 25½ to 45 per cent; collars 58 as against 40 per cent; house furnishings, such as rugs 93 per cent as against 40 per cent; varnish 73 as against 45 per cent; book cases 50 per cent as against 38 per cent; mattresses 50 per cent as against 40 per cent; druggists' sundries, such as face powders, 55 to 85 as against 50 to 60 per cent; toilet supplies 66⅔ as against 50 per cent; laboratory supplies, 15 and 25; patent medicines 59 to 25, and kodaks 42 to 25.

That rather bears out your view?—A. Yes. That does not touch the clothing business. There is not, Mr. McMaster, a single item of fixed prices in the clothing industry.

Q. What about Holeproof sox?—A. They are knitted goods.

Q. You mean readymade goods and suits?—A. Everything cut down, cotton or wool, that is, fabrics.

By Mr. Caldwell:

Q. What about overalls in this connection?—A. There is nothing in which there is more competition. There are sixty-six manufacturers, and scarcely any two of them will speak to each other, the competition is so keen. I did not come here of course to make any demand for tariff protection to the clothing industry; I want to make it clear that we are not protected, and there is no protection, that the raw material is protected, while we are not; that is important.

By the Chairman:

Q. That is very important. Develop that, please.—A. I want to make the further statement that if we were protected, if the tariff on clothing was 100 per cent, it would not change the price of one single article of clothing—that is a very broad statement—the competition is so complete. There is this tremendous situation, that if we were protected 100 per cent by the tariff it would not change the price of any individual garment in Canada.

By Mr. Caldwell:

Q. How can you tell that?—A. Because I know that no clothing manufacturer pays any attention to the tariff.

Q. Because there is no tariff on clothing?—A. There is protection on the labour, and there is a substantial protection when this happens, if you will try and follow me, in a case where the goods are produced in Canada at a substantially lower price than the same goods can be imported from a foreign country, plus the duty, then there is a measure of protection against foreign goods.

By the Chairman:

Q. Will you say that again?—A. There is protection for the clothing manufacturer, a secondary manufacturer, where he can buy raw material let into Canada and the price of that raw material is less than the price of similar goods imported plus the duty, then he has protection. On goods where the tariff on

the raw material is 32½ per cent and the tariff on outward goods is 32½ per cent, he has protection on his labour, overhead, profit; it is a simple proposition.

Q. Is not the protectionist's theory supposed to go on protection to the worker, that protection maintains wages up to the level of other countries?—A. There is no doubt about that. If the tariff on woollen goods from Great Britain was nothing, wages in the industry would follow; that is an economic fact.

Q. If you were obliged to pay duty on your raw material, your price would be determined in relation to the duty on your raw material, and if you were obliged to pay wages much higher than would have to be paid in other countries which competed with you, would you be protected at all?—A. You are entering now into a discussion of the whole principle of protection.

Q. Does protection help you at all as a manufacturer, as a capitalist manufacturer; does protection help you at all, if you are obliged to pay increased costs for your raw material, if you are obliged to pay increased costs for your labour, and, as often happens in a protected country, if you are obliged to pay higher interest rates than you would otherwise be obliged to pay, does protection help you, the capitalist manufacturer in any way at all?—A. It does.

Q. Will you explain how?—A. Take the manufacturers of overalls, what protection does is that there are now 66 manufacturers of overalls in Canada, dividing the business of Canada between them; if there was no protection the only result would be that there would be probably 666 manufacturers. The public are getting plenty of competition, sufficient to bring the price down to the lowest possible point, and we would not gain anything in so far as that feature is concerned, if the tariff were removed.

By Mr. Caldwell:

Q. I would like to ask a question right here, or to interject a remark. The claim is made that if we take off protection the factories will leave Canada, while you say it would increase the number?—A. No; I mean that you cannot have free trade in Canadian industries as they are situated in this country, because—

By Mr. Sales:

Q. Because what?—A. Because in my experience the layman is not sufficiently appreciated; I do not want to put myself up as knowing more than anybody else, but I have never met a lawyer or a business man who is not engaged in some industry who appreciates the fact that you cannot sell, or produce goods selling in a restricted market as in a general market. We are just as efficient in Canada as they are in the United States; we can do anything they can do, but if you take down the tariff their larger production will put us out of business, because their production enables them to produce at a lower price. You cannot maintain industries in this country in competition with another country unless you have free trade both ways. I am going now to express a personal opinion; in my business, the production of clothing, in the sale and production of heavy woollen goods, in which Canada absolutely excels the world in certain grades of woollens, if we were producing marvellous goods either in raw material or finished goods, I am convinced that if I could get into the American market I could get into the business, while I cannot get in now, so it is madness to talk about taking the barrier down one way and keeping it up in another. I am a Liberal in politics and a free-trader in principle, but you cannot carry on business in this country without a protective tariff

By Mr. Caldwell:

Q. Is it not a fact that all manufacturers are free-traders, in so far as their own raw products are concerned?—A. I am not a free-trader in either, I am dealing with the cotton mills, who are under a great deal of suspicion, whether it is deserved or not. It would be to my advantage to have free trade in cotton materials, there is no doubt about that.

By the Chairman:

Q. You would have no fear of free trade, provided the United States was a free trade country also?—A. Personally I would have no fear, but I know industries that would not be in the same condition.

Q. There are two reasons why they would not be in the same position, either that they are not natural to the country, or not managed as well as yours is managed?—A. To my mind one of the soundest reasons for protection for the clothing industry is this; I did not come here to make protection speeches; this is a point to which sufficient attention has not been paid. There are certain things that need to be protected, the clothing industry is one which ought to be protected, because it employs a type of labour which would not otherwise be absorbed. This country should be able to establish pulp mills, paper mills and so forth in those districts which are more or less indigenous to the country, but you cannot successfully carry on a pulp mill in this country, you cannot get the full value of the carrying on of that industry unless you have a clothing factory or some other factory employing female help to employ the surplus labour which would be there. Let me illustrate that. There is a town not one hundred miles away from the City of Ottawa where there is a large pulp mill, but nothing else. A friend of mine is in the mica business; he wanted a lot of girls to split mica, and he had 200 applications. Wherever you have workmen, you find young girls in their families, and if you are not employing their families you cannot get the full value of the labour. The clothing industry employs hundreds of thousands of women; the great majority of my women employees are daughters of mechanics in Eddy's or Booth's. You cannot run an industry along one line and get the full value of your population; where there are lumber mills, pulp mills, mines, etc., you must have labour which will employ the women. There are towns in which there is a tremendous loss because there are no shoe factories and no cotton factories. If you are going to develop industries which are indigenous to the country, to get the full return from labour and from the people, you must have industries which are called light industries, employing labour which cannot work in lumber mills, pulp mills or mines. I believe we have been discriminated against; I believe it would be better for this country if we had a protection which would aid our industries and add no burden; if we had protection I think it would be to the economic advantage of Canada to produce all our own clothing. In every country in the world, in Europe, in South America, every country regards the production of clothing as a domestic industry, and without exception all countries who have a tariff at all have given high protection to the production of clothing, except Canada. Canada is unique in that regard, in that they have put finished goods on the same basis as raw material.

Q. Either your raw material should come down or the tariff should go up?—A. You are prepared to admit that the tariff should go up?

Q. No, I am not prepared to admit anything, not for a moment.—A. If you did admit it, you would be admitting a very sound principle.

Q. If you are a protectionist, there is room on protectionist ground for your argument that your raw material should be taxed at a lower rate than your finished product?—A. Absolutely, and ours is the only great industry in which that does not occur.

Q. Although you are one of the few manufacturers in this country who, through attendance to business and a study of the tariff, are able to come before this Special Committee of the House of Commons and say that you would have a chance of success against United States competition?—A. Yes; that is my personal view, and the view of a good many in the Association; I do not know how many, but that is my own personal view.

Q. You have some observations of your own to make?—A. Yes. There is a mater of a good deal of importance, and I think I will stand up, if I may. I know this is going to be contentious, that some of you are going to object to what I am going to say, but I am going to ask that you be patient with me.

Q. We will let you say the whole of what you have to say, and we will not make an interjection until you finish; you cannot ask any more than that.—A. That is all I want. I am going to develop a theory which I think is contrary to your views. Now, Mr. Chairman, Mr. Pedlow, of Renfrew, appeared before this Committee, and put in during the course of his evidence a table, a copy of which I have before me, which purported to show that in the operation of the tariff on a given hypothetical case the payment of the duty was clearly, to use a common expression, pyramided, and that if a bill of merchandise amounting to $100, on which a payment of duty of $35 had been made, after it had gone through several hands, and it ultimately reached the consumer, the result was that in respect of the duty the Government received $35, and the consumer paid in respect of duty $77.77, or it took $77 to collect $35. I am not reviewing Mr. Pedlow's whole brief, because I think the Committee are favourable to the general statement which has been made, that the duty is pyramided. I propose to show that his statement was mathematically contradictory; I do not accuse him of playing tricks, but his schedule put in was simply an optical illusion, absolutely unsound both in theory and in principle, and as a matter of fact the duty is not pyramided, that there is no addition to the duty, and I propose to demonstrate practically by figures to the Committee that I am right. I have known for some years that the theory that the duty paid was pyramided from one hand to the other was wrong; I have known that for years, because I observed in carrying on my business that if it were true that a duty which was $35 originally became $77 after it went through a number of hands, I knew that an article made out of imported raw material would be higher in price, that the difference in price would be more than it should be. I have observed that the difference in price between an article, say a shirt, in Canada, which was made out of imported cloth, and a shirt in the United States made out of the some cloth, that the difference in the selling price to the consumer over the counter was substantially the difference in the duty paid on the raw material, no matter if it went through four hands, there was no pyramiding. I knew as a matter of fact that there was no pyramiding, that the duty was not 77 per cent, the difference remained 35 per cent, I knew that, but I never was able to demonstrate it. I am now able to show up Mr. Pedlow's theory, a theory which to my mind has been the strongest argument of those who are opposed to protection, that is, that the Treasury received less than the consumer actually paid. It has always struck me that that was a strong argument, that if it were true that the Treasury received an amount less than the consumer paid, that that was an argument against the tariff as a method of collecting revenue. If I may be permitted, I would like to read this brief memorandum, and will go over and explain it, and I think I will convince the Committee that there is no pyramiding of the tariff. I would like to have taken figures of my own to demonstrate this theory—it is not a theory, it is a mathematical fact which cannot be controverted. I felt that as a statement had been made before the Committee based upon certain figures, that I had better use those figures and make a comparative statement, so I have taken Mr. Pedlow's figures exactly

as he presented them. I have taken to a certain extent his verbiage, and I have tried as near as I could to follow his statement.

EXHIBIT No. 83

"A wholesaler in Montreal imports from the United States a bill of goods to the value of $100, on which the duty is 35 per cent."

Q. Mr. Pedlow put in two.—A. I am refering to the one, in which he came to the conclusion that the Treasury got $35 and the consumer paid $77.

Q. That was his second statement; that is the statement which starts at page 784 of these proceedings?—A. Yes. I think it would be a good thing if the Committee would have that before them. Shall I go ahead? "A wholesaler in Montreal imports from the United States a bill of goods to the value of $100, on which the duty is 35 per cent."

Q. Do you agree with that?—A. That is all right. "The goods when imported cost the wholesaler $140.06, made up as follows:

Invoice price of goods	$100 00
Duty on same	35 00
Sales Tax 3¾ per cent on invoice price plus duty	5 06
	$140 06"

Q. I want Mr, Pedlow's statement to be accurately set forth:

"When the wholesaler sells to the manufacturer, he adds 25 per cent on the laid down cost, which makes the selling price to the manufacturer $140.06, plus $35.01, or $175.07, to which the wholesaler has to add by law to his invoice sales tax of 2¼ per cent, or $3.93, making the cost to the manufacturer, $179.00."

A. "He sells these goods, and in order to pay his overhead charges and make a profit for himself he adds an advance of 25 per cent, which brings the selling price up to $179.00," Now, I will put in a new calculation of my own. This is my own memorandum. This is the key to the whole situation. He wants to make sufficient profit to pay 12 per cent on his invested capital, and as he can turn over his stock about four times he figures that 3 per cent on the laid down cost will achieve this result, and the remaining 22 per cent will pay overhead charges. A man who wants to make 12 per cent on his capital—and 12 per cent is a fairly good return on a commercial transaction—can turn over his stock four times in the year, and he makes 3 per cent—it is necessary for me to assume a profit, and I am assuming a fair commercial profit of 3 per cent on the turnover—

By the Chairman:

Q. You are putting in 22 per cent?—A. 22 per cent is to pay for overhead charges.

By Mr. Sales:

Q. Surely you are not trying to make this Committee believe that for a wholesaler to handle $100 worth of goods in bulk it is going to cost him $31 overhead?—A. I did not assume that figure; Mr. Pedlow did; I do not care what figure you take.

By the Chairman:

Q. Mr. Pedlow's 25 per cent profit is a gross profit, including overhead and net profit?—A. That is quite right. Mr. Pedlow's memorandum shows the $179 made up as follows: this is my memorandum:—

APPENDIX No. 3

Invoice cost	$100 00
25 per cent profit on invoice cost	25 00
35 per cent duty plus 25 per cent profit on duty	43 75
First sales tax $5.06 plus 25 per cent profit	6 32
Sales tax from manufacturer to wholesaler	3 93
	$179 00

In respect to the duty this incorrect table shows that:—

The Treasury got	35 00
The buyer paid	43 75

The CHAIRMAN: You are skipping?—A. I am reading off my own memorandum.

Q. I do not want to interrupt except to correct an evident misapprehension. You have leapt from page 784 over to page 788?—A. I am going by my own sheet and I am going to ask you to be patient, and I am going to convince you that Mr. Pedlow is absolutely wrong. The fundamental error in the above calculation is in treating the whole advance of 25 per cent as a profit whereas the greater part of it was a cost and went to provide for actual expenditures on overhead charges, only 3 per cent of it was profit.

Now, the correct figures which I have set alongside of Mr. Pedlow's are—I will read them and I will explain them:—

Invoice cost	$100 00
Duty	35 00
Sales tax	5 06
Overhead, 22 per cent of $140.06	30 81
Profit, 3 per cent of $140.06	4 20
Sales tax from manufacturer to wholesaler	3 93
	$179 00

In respect to duty the wholesaler passed on to the buyer the $35 which he had paid the Treasury plus 3 per cent of $35, or $1.05; therefore:—

The Treasury got	35 00
The buyer paid	36 05

In the above calculation the 25 per cent advance is split into two parts, one to provide overhead charges, the other to provide profit. Now, where Mr. Pedlow and others who believe with him make an absolutely gross error is in regard to the 25 per cent advance as a profit. Why is the 25 per cent advance put there? It was put there for this purpose: experience has demonstrated that if you take the price of your raw material plus the duty and take 22 per cent on it or 25, I am going to say 22, experience has demonstrated if you take 22 per cent on your laid down cost you will arrive at a sum of money which is equal to the cost of doing business. The 25 per cent is a simple method of calculation; it is an entirely wrong method, but it is convenient. As a matter of fact what you want to arrive at when you start figuring 25 per cent on your flat cost, what you want to find out is, how much does it cost me for rent, light, heat and selling expense, and all these things; you want to find out how much to add to your flat cost to provide for your overhead charges, and it has been demonstrated, experience has demonstrated that all of these little items, there may be twenty-five added together, represents a sum which is as a matter of coincidence equal to 25 per cent of your flat cost, and therefore as a matter of convenience you use the percentage to find out what these charges

are; you may be wrong, it is not accurate, but experience has demonstrated it will be practically correct. His fatal error, that is the fatal error which Mr. Pedlow has made and others who believe in his system, and I think Canada has made, if I may say so, our economic thinkers have made, is that the 25 per cent added is a profit; as a matter of fact the 25 per cent is used to arrive at two things: first, what was the overhead, and what was the profit? I am assuming 12 per cent is a fair return, and I am assuming that 25 per cent—I am taking Mr. Pedlow's figures, I am assuming that the manufacturer who sits down to figure out his goods figures he can make 3 per cent net which would give him 12 per cent on his turnover, which would be a substantial profit; that is all he wants to get, all that he wants to take out of the public, all he does take from the public is interest on his investment, and 12 per cent is a fair rate of interest. Practically he does not take that—I am going to show you an amazing thing that happens when he does take that; the proper method—

By Hon. Mr. Sinclair:

Q. Figuring the duty in the price the buyer pays, it would be $36.05 in one case, whereas in the other it would be $43.75?—A. He pays the Treasury $35; we admit that in the start. How much does he get from the public? He has to get money from the public; he first of all has to get back from the public, if you will take my table: he gets the goods in and pays the duty, and he goes out to sell them; he must get from the public first the $100 back that he has paid for the goods; then he must get the $35 he has paid in duty, then he must get the Sales Tax back, and then he must get the overhead, $30.81 back—

By Mr. Sales:

Q. Right there, will you kindly explain how this duty increases your cost of overhead?—A. The duty does not; the duty has no relation to cost of overhead.

Q. You are taking 22 per cent overhead on cost and on duty?—A. Exactly, it is a mistake, it should not be done.

Q. You are doing it?—A. I am doing it because Mr. Pedlow does it. I say it is absolutely unsound to calculate your overhead on laid down cost. The real calculation would be how much did your light and heat and everything else cost, but if you are going to price a suit of clothes you cannot find out these things—

By Mr. Caldwell:

Q. You say he turns his goods over four times and gets 3 per cent profit on each turnover?—A. Yes.

Q. Why does he want 22 per cent to pay his overhead?—A. All he wants is enough to pay his overhead.

Q. Instead of 22 per cent overhead he gets 88 per cent overhead according to this?—A. No, I do not multiply it four times there.

Q. Just on the same principle that 3 per cent profit, and four times a year makes 12 per cent, 22 per cent overhead at four times a year makes 88 per cent profit; so that your calculation is wrong?—A. No, my calculation is absolutely untouched by that point. I am contending all he takes out of the public is three per cent on the cost, that is his entire profit; he sells at $179 and he makes three per cent.

The CHAIRMAN: We will let you finish, and then I have some questions to ask you.

WITNESS: I say this is a complete mistake to refer to the 25 per cent as a profit; it is not a profit; it is a convenient method of calculating an added cost,

and it is arrived at by experience. I do it myself, I calculate in that way, only for convenience.

By Hon. Mr. Sinclair:

Q. It is not wholly correct?—A. No; it may be incorrect; assume this manufacturer made an error in judgment, and the 25 per cent did not provide for his overhead, then he has not added enough to pay for his goods; he sells his goods and he finds that he gets back from the public less than he actually paid out; he does not get back the whole of these amounts paid out. He paid out $179 and he does not get back the full amount; in that case he has actually taken less from the public than he paid; so that he has paid something out of his own capital; if there was a loss on the transaction I don't see how it could be reasoned that he took anything out of the public; he paid $100 for the goods, paid the duty, paid the sales tax, paid his overhead charge, and he did not get any profit, and sold his goods below what they cost him, but he used the 25 per cent method to calculate his cost, but it was wrong, and at the conclusion of the transaction he found out it was wrong because he had not got back his cost; he had not enough to pay his overhead, and as a consequence he went into his pocket; he not only did not collect the $35 from the public, he collected perhaps $34, and he paid the other dollar out of his capital. Now, it is madness to say if a man lost money on the transaction and did not get back all he invested that he passed something on to the public, although he may have followed the method of calculating 25 per cent profit he got back less than he paid. The fundamental error is in taking it as a profit; it is not a profit, 25 per cent is not a profit at all; and it is put there for two purposes: one, to arrive at an amount which would recoup him for his charges of selling and other expenses, and in addition to that profit to himself. It is what is known as a gross profit. It does not propeerly describe what the whole transaction was; it was the means of arriving at a sum which would pay his overhead charges, and if he did not get enough by that means of calculation he did not pass anything on to the public. If he made a profit he made a profit on his investment. He invested $35 with the Treasury; he wanted to make a profit on that investment; that is all that any business man is after, is a profit on his investment. When he gets his statement finished at the end of the year he says, "I have a hundred thousand dollars invested; I made $10,000; I made 10 per cent," and he takes nothing out of the public except the profit on his investment; and if he, as I assume, turned it over four times, he made not 12 per cent on his investment, but three per cent each time he turned it over, and that that is all he passed on to the public; that is all he took out of the public. He paid in certain sums of money to the Treasury and other places, and he got back from the public so much, and the difference is what he took out of the public. So the idea of Mr. Pedlow's contention is an illusion; it looks correct, but it is absolutely unsound both in theory and in practice.

By Hon. Mr. Sinclair:

Q. Just which point do you refer to?—A. The method of calculation.

Q. The method of arriving at the 25 per cent?—A. Exactly, that he is mistaken in the 25 per cent, that he has assumed that the buyer pays $43.75, that he pays 35 per cent duty, and in addition pays $8.75. It is all wrong. He does not do any such thing.

Q. You say he pays only $1.05?—A. Yes, on this given transaction.

By the Chairman:

Q. Let us take Mr. Pedlow's statement from the start, at page 784.

"A wholesaler in Montreal imports from the United States a bill of goods to the value of $100.00, on which the duty is 35 per cent. He sells to the manufacturer at an ordinary trading profit of 25 per cent."

You say that is wrong, you say "the ordinary trading profit," is "ordinary trading advance?"—A. That is a better word.

Q. But you will agree with me that "gross profit" is a word that is very frequently used?—A. Yes.

Q. "He sells to the manufacturer at an ordinary trading profit of 25 per cent, which manufacturer makes it up into garments, and disregarding labour, re-sells the goods in manufactured form, at a profit of 33⅓ per cent, to the retailer, who re-sells at a further trading profit of 33⅓ per cent to the consumer."

I would like you as a manufacturer to tell us whether this advance of 33⅓ per cent disregarding labour is high, or is it fair?—A. It is about fair.

Q. Is the ordinary trading advance or profit of 33⅓ per cent to the consumer about fair?—A. It is a little low, but it does not matter; I will say it is fair.

Q. On the whole you think one may be a little high and the other a little low?—A. Yes.

Q. On the whole the percentages are fair?—A. Yes.

Q. The goods when imported cost the wholesaler $140.06 made up as follows (disregarding freight, packing, duty on packing, etc.):

"Invoice price of goods	$100 00
Duty on same	35 00
Sales Tax (3¾ per cent on invoice price plus duty)	5 06
Making in all	$140 06

As far as that you agree with Mr. Pedlow?—A. Yes, there is no contention about that.

Q. Suppose instead of the duty the importer had lived a long way from the harbour, and instead of having to pay a duty he had to pay to cart the goods to his establishment $35 for every hundred dollars; would not that have precisely the same effect as the duty?—A. Identically.

Q. That would have gone into his laid down cost would it not?—A. Yes.

Q. Would not he have expected to get the same rate of profit or advance upon that cartage charge as he would have had on the invoice price of the article?—A. Yes.

Q. Precisely; is there any reason then to differentiate the duty from such a cartage charge?—A. None at all.

Q. We are together that far. "When the wholesaler sells to the manufacturer, he adds 25 per cent on the laid down cost, which makes the selling price to the manufacturer $140.06, plus $35.01, or $175.07, to which the wholesaler has to add by law to his invoice sales tax 2¼ per cent, or $3.93, making the cost to the manufacturer $179.00"—are you agreed upon that?—A. Absolutely agreed.

Q. Now, "this $179.00 is made up of the following items:—

"Invoice price $100"—we are agreed upon that?—A. Yes.

Q. "Profit on invoice price $25.00"—we do not agree?—A. We disagree there absolutely.

Q. You do not agree?—A. Positively not. Now we come to the parting of the ways.

Q. Let us say advance on invoice price?—A. No, let us keep the word profit but change the figure—

Q. What does he mark these goods up at?—A. $125.

Q. He marks them at $179?—A. Yes.

Q. Does not he put 25 per cent on the invoice of the article?—A. For what purpose?

Q. To cover his advance, to cover his expenses, and the profit he hopes to realize on that transaction?—A. That is splendid, that is exactly what he puts it on for. Now, divide the two items—

Q. The $25 he adds is not all pure profit?—A. No.

Q. We are agreed upon that?—A. That is good.

Q. It should pay him for his expenses in handling the goods and give him a fair profit?—A. Yes.

Q. And return on his investment?—A. Yes.

Q. A reward for his managerial ability?—A. Exactly.

Q. We put it at $25 and you consider that fair enough?—A. Yes, fair.

Q. Now, 35 per cent duty plus 25 per cent profit on same, you do not agree with us putting 25 per cent profit on same?—A. No, I agree to putting 22 per cent overhead and 3 per cent profit; in putting that 25 per cent on as profit there is the fatal blunder.

Q. You have admitted that the duty forms for the importer an integral part of the price?—A. Absolutely, positively.

Q. In order to get him a fair percentage to cover overhead and to cover expected profit, how can you differentiate between that part of the price which represents the invoice that he had to pay to the exporter to him and the duty—have you not got to calculate both; should not you fairly calculate the percentage of both items which enter into the laid down price here?—A. As a matter of convenience, yes; but as a matter of economics positively no. It is a wrong method. The proper method, if I may be permited to make a clear statement, the proper method, a sound economic method, is to determine how much the overhead was. Now, that has been determined by experience, it has been determined as a result of trade experience, that this sum which he will require to handle these goods, to pay managerial skill, and the rest of it, is a sum equal to 22 per cent gross.

Q. And where you and I differ is this: we agree that the duty forms an integral part of the price laid down in his warehouse?—A. Yes.

Q. But you say this, although it is fair enough to take 25 per cent as representing the advance he must put on his goods to carry his overhead and give him a profit, you say you must treat one part of this price in one way and another part in another, that is your argument?—A. My argument is this, that the amount he paid in duty had absolutely no real relationship to the amount paid in overhead.

Q. I did not say it had?—A. But Mr. Pedlow uses the one to find the other; as a matter of fact they have no relation to each other. Mr. Pedlow could have found out a trader and found out without taking the duty—in fact when a man buys domestic goods he has no duty to pay. It is a convenience; let me make it clear, it is a coincidence, trading experience has demonstrated, and that is the only reason it is used that by taking a percentage of the laid down cost you arrive at a sum which is the same as a lot of incidental expenses for light, heat, and rent; it is an incident that trading experience alone has demonstrated; and that is why it is taken; because as a matter of fact the overhead has no relationship to the other; they are different transactions, and paid to different people, but as a matter of convenience he adopts that method.

Q. Suppose this importer had not bought the goods from outside at all, this wholesale house, but bought from a Canadian manufacturer and paid for the goods, and instead of paying for the goods $140 he paid the Canadian mill $130, would you think it was fair enough to add 25 per cent to $130 to take care of his overhead and his expected profit?—A. It would be a simple method

of calculation, in fact if you follow through your case you will absolutely demonstrate the folly of Mr. Pedlow's case, because the conditions are exactly the same. Let me interject right here, if it were possible to make 25 per cent profit on the duty we would all be using imported goods; if it were possible to make 25 per cent on that we would make 100 per cent a year, and we would use no domestic goods at all; we would import all our goods.

Q. It is not suggested in this table that any greater profit is made on the duty than is made on the imported?—A. Oh yes, it is; it is contended that they—

Q. I don't think you read the whole thing?—A. Yes, I read every word of it, been three days reading it.

Q. Let us go on with it. The 35 per cent duty plus 25 per cent profit on same should be divided up into 22 and 3, you say, but you arrive at the same figure don't you?—A. Yes.

Q. $179.—A. Yes.

Q. The overhead should be 22 per cent of $140.06 and the profit should be 3 per cent of $140.06?—A. Yes.

Q. You divide that, overhead 22 per cent of $140.06, $30.81; and the profit 3 per cent of $140.06, is $4.20, and that makes $35.01; how do you bring it to the same figure?—A. I bring it to the same figure as Mr. Pedlow.

Q. He brings it to $179?—A. And I bring it to the same figure, he uses a little different method.

Q. You bring it down to $179 the same as he does?—A. Yes.

Q. Let us look at the next: "The cost price to the manufacturer is, therefore, $179.00." We agree upon that?—A. Yes.

Q. To this the manufacturer adds (exclusive of labour) a profit of 33⅓ per cent or $59.66"—A. May I interrupt and stick at the one transaction.

Q. I want to carry you through Mr. Pedlow's figures?—A. You do not need to; all you need to establish is the first.

Q. Oh no, if you don't mind I would like you to go through?—A. You are wasting time; I don't want to be considered rude in making that remark, but I am quite sure we are disputing on a principle—

Q. I want to see where it brings you out. You say you dispute this principle, but at the same time you bring the cost down at exactly the same price as Mr. Pedlow?—A. Yes. I dispute his amount that went back to the Treasury, I dispute that what Mr. Pedlow says is true, I dispute the fact that the 25 per cent of 35 was taken out of the public; I dispute that fact, and I will dispute it from every angle.

Q. You may be right, but I want to carry the whole thing through: "The cost price to the manufacturer is therefore $179.00. To this the manufacturer adds (exclusive of labour) a profit of 33⅓ per cent, or $59.66. He also charges a sales tax of 4½ per cent on $238.66, ($179.00 plus $59.66), or $10.74, making the cost to the retailer $249.40"—do you agree with that?—A. Positively, no. He started wrong and he is going on wrong.

Q. You agree with me right down to the manufacturer, "$179." You agree that that is the price and the fair price the manufacturer should pay. $59.66. I think you said it was a fair price?—A. Yes, that is a fair price.

Q. He also charges a sales tax of 4½ per cent, on $238.66, plus $59.66, or $10.74. That is right, is it not? Making the cost to the retailer $249.40. Are we together on that?—A. Yes, I guess we are together on that.

Q. Now you would make this $249.40 up somewhat differently than Mr. Pedlow has?—A. Yes.

Q. Would you mind figuring it out, what the difference would be?—A. Yes, I will.

Q. The invoice price of goods. We are together on that?—A. Yes.

Q. Profit of 25 per cent on same. Are we together on that?—A. No.

Q. You would divide that up into—.

Mr. CALDWELL: I think Mr. Sparks does not deny there is an advance of 25 per cent?

The CHAIRMAN: I want to very clearly follow out where we essentially differ. You say that 25 per cent should be divided up into $22 overhead and $3 profit. Is that right?

The WITNESS: Well now, I have not analyzed this second table.

By the Chairman:

Q. It is not the second table. It is the same table. What you suggested you had done was, you had jumped from the foot of page 784 to the conclusion arrived at in the middle of page 788?—A. Yes.

Q. You are probably a great deal better figurer than I am. You might possibly convince me, and I would like to follow the whole thing out, to see wherein we differ, because although we calculated by different methods, we arrive at the same conclusion as to the price?—A. Yes.

Q. If you take the time, the manufacturers profit is $41.66, whether you call it overhead or profit. The importer has to sell at an advance of 25 per cent over his laid down cost?—A. Yes.

Q. Now I had put the invoice price of the goods plus the wo profits or advances. Call them what you like. They are not all net profits. The manufacturers profit is $41.66 is made up of what the goods cost him?—A. The manufacturers profit is $41.66.

Q. Do you see that?—A. Yes, I think I see it.

Q. Let us make sure that you see it. That is the manufacturers profit upon $125?—A. Yes.

Q. $41.66. Now, the duty is $35. Now here is where you and I would differ: the wholesalers profit is 25 per cent on duty. You say that is not right? —A. No, positively not.

Q. You say 22 per cent or $8.75 is advanced?—A. That is to take care of overhead charges.

Q. You would divide that up, 35 per cent, and you would add 22 per cent to take care of overhead?—A. Yes.

Q. That would be $7.70?—A. Yes.

Q. And the other would be profit?—A. Yes.

Q. $1.05?—A. Yes.

Q. Then the manufacturer's profit of 33½ per cent on duty plus wholesaler's profit on duty, of $43.75. That will remain the same on that? Mr. Sparks, whether you follow Mr. Pedlow's method or your own, because if you add $7.70 and $1.05 and $35 together, they amount to $43.75?—A. No. We differ on that item again.

Q. Where do we differ on that? He has to have his advance on his overhead as well?—A. Yes, but it should be divided again. 33⅓ per cent should be divided. Now perhaps we will take 30 per cent and 3⅓ per cent and perhaps 25 per cent and 8 per cent, but you must separate them. That is the key of the whole situation.

Q. How would you separate these?—A. For the sake of calculation, separate them 30 per cent and 3⅓ per cent if you like.

Q. Then $14.58 should be divided. 30 per cent of that should be taken first?—A. Yes.

Q. How would you divide that up? You say it should be divided up, $14.58?—A. Yes.

By Hon. Mr. Sinclair:

Q. It does not change the total at all.

By the Chairman:

Q. Mr. Sparks may be right. It may change the amount applicable to duty?—A. It reduces it to 10 per cent. It simply upsets the whole calculation. Applicable to duty. It makes no difference in the selling price.

By Hon. Mr. Sinclair:

Q. The whole thing is in the pyramiding of duty?—A. Yes.

By the Chairman:

Q. You say you pyramided your duty too much?—A. Positively.

By Mr. Caldwell:

Q. $13.12\frac{1}{2}$ as overhead on that?—A. I will say that he wanted 12 per cent on his capital, and he took $3\frac{1}{3}$.

The CHAIRMAN: The manufacturer runs greater risks than the wholesaler does. He should have a larger profit.

The WITNESS: Take 28 and $5\frac{1}{3}$ if you like.

By Mr. Caldwell:

Q. He has $13.12\frac{1}{2}$ as overhead? Add $4.50\frac{1}{2}$ as profit on that transaction. —A. The two added together make $14.58.

Q. Would you say the wholesaler had a profit on the sales tax?—A. A profit but not a percentage on his overhead. I am sorry Mr. Pedlow included the sales tax, because it complicates the whole thing.

Q. We were interested in seeing whether the sales tax was pyramided?—A. If you will allow me,—I can tell you in two or three days when I have worked it out,—I do not think the sales tax pyramids. I do not think it is pyramided, but I have not worked it out. I know the tariff does not pyramid.

By Mr. Sales:

Q. If Mr. Sparks would take $100 and start out with no duty and no sales tax, and tell us what it would reach the consumer at, then we would deduct the duty which the Government received and the sales tax which the Government received, and we should find the difference.—A. I am quite willing to follow through the whole calculation and differ all the way through, but I think it would take us until 6 o'clock to-night to make the calculation.

By the Chairman:

Q. You do not contest that the advances are fair and the total prices paid by the consumer on the hypothetical example of Mr. Pedlow's comes to $332.53. —A. No, I do not dispute that at all.

Q. The only difference is that you think we have credited the duty. You do not believe that the tariff if pyramided to the extent that we calculate?—A. I do not think on the matter, I know it is not.

By Mr. Sales:

Q. Would you work it out for us? Here is a pencil and paper?—A. I am positive it has not.

Q. Take $100. That is the cost of your article?—A. Yes.

Q. Your importer's profit is 25 per cent.—A. No, not the importer's profit. Take it the other way around. The importer's advance is 25 per cent.

Q. Now then, your manufacturer's profit on $125?—A. Yes. How much profit do you want to give him? 3 per cent?

The CHAIRMAN: Call it an advance.

The WITNESS: $3.75.

By the Chairman:

Q. Now you have $125 to you as a manufacturer. Then there is 33⅓ per cent profit, exclusive of labour, advance. How much is that?—A. Approximately $41.69—$166.67.

By Mr. Sales:

Q. Now, the retailer draws on that?—A. Yes.

Q. What is that?—A. One-third again.

Q. Put down on this side the $35 which the Government got as duty?—A. Yes.

Q. That is $35?—A. That is $35.

Q. $19.73 from the three different kinds of sales tax?—A. Where will I put that down?

Q. Put it down under what the Government gets.—A. How much?

Q. $19.73. Now tell us how much the Government gets?—A. On your figures the Government gets $54.73.

Q. You see we have these figures made up here by the first sales tax of $5.06; you agree with that?—A. Yes.

Q. The second sales tax from the wholesale manufacturer is $3.93?—A. Yes.

Q. The third sales tax from the manufacturer $10.74?—A. Yes.

Q. You do not dispute that?—A. No, sir.

Q. Add what the Government gets to the $222.—A. That is how much?

Q. $54.73.—A. To be added to the $222?

Q. Yes.—A. $276.95.

Q. Out of that the consumer pays $332.50; tell me what the difference is?—A. I will tell you what the difference between those two is. Is that what you want to know?

Q. Yes.—A. I am not quite following you, but I am doing what you tell me—$55.38.

Q. Where would it go?—A. If the duty and sales tax were not pyramided and you did not take the profit on it, where does it disappear to?

Mr. CALDWELL: Who got the $55.38?

By Mr. Sales:

Q. If there had been no duty at all, this is what the consumer would have paid, is it not, $222?—A. Yes.

Q. Then you add what the Government got and you get $276.95; there is the $56.38 again?—A. I have not quite followed you throughout. It may be a profit that the various dealers get, that may be your percentage of profit. I think you quite agree that the Government get $54.73.

Q. Exactly, and I would like to agree with you on the difference.—A. My impression, without getting your case quite clearly is that that $55 is divided into three profits, three transactions.

Q. Who gets it?—A. The manufacturer. I do not like to discuss this, because I am not perfectly clear upon it. I would prefer it if you would take my $100, not that I want to stress my own case, because I have it all down here, and I want you to find fault with my calculations if you can.

By the Chairman:

Q. Why I find fault with your calculations is that you have not followed the thing out as I did with Mr. Pedlow, when we both worked at it together.

You agree with me that the spread between the different hands from the importer right down to the consumer is the same?—A. Yes.

Q. We are not differing upon that. Have you Mr. Pedlow's evidence before you?—A. Yes.

Q. You will see that at the end we dissected the final cost to the consumer of the $332.53 as follows—this is at page 785 of these proceedings. You see it?—A. Yes.

Q. We agreed upon that price, and we are agreed upon that price now. We dissected it as follows:—

Invoice cost of goods	$100 00
Wholesaler's profit on invoice cost	25 00

You prefer the word "advance"?—A. Yes.

Q. Manufacturer's profit	$41 66
Retailers' profit of 33⅓ per cent on $166.66	55 55

A. I differ with you on the manufacturer's profit. He did not make $41.66.

Q. But that was his advance; we will not differ at all upon that, if we use the word "advance". Let us take the word "advance" so that we will not be quarrelling about words. Take the

Invoice cost of goods	$100 00
Wholesaler's advance on invoice cost	25 00
Manufacturer's advance	41 66
Retailers' profit of 33⅓ per cent on $166.66	55 55

A. Correct.

Q. Making the cost to the consumer in respect of the goods, eliminating the sales tax and eliminating the duty $222.21?—A. Right.

Q. Now we take the first duty $35?—A. Yes.

Q. The wholesaler's advance on the duty is $8.75?—A. No.

Q. You do not agree with that?—A. Well, you are using an inconvenient method of calculation. I will ask you, Mr. Chairman, to get back and determine why he put an advance of twenty-five on the duty on the raw material. If I might be permitted to cross-examine you upon my own statement—will you allow me to do that?

The CHAIRMAN: Yes.

WITNESS: Take my statement in your own hands, and allow me to ask you some questions. I am only asking this because I think we will get some place. At the foot of the incorrect table, the table which I state is incorrect, in the sheet I am putting into your hands, at the bottom of that I see this:

In respect to the duty this incorrect table shows that:

The Treasury got	$35 00
The Buyer paid	43 75

Do you believe that that is right?

By Mr. Sinclair:

Q. The buyer paid the $43.75?—A. Not in respect of the duty; I say the buyer paid $36.05.

Q. In respect of the duty?—A. Exactly. I want to examine Mr. McMaster, if I may. Is it your view that in respect of the duty the buyer paid $43.75?

The CHAIRMAN: Yes, I think he did. You say he only paid $36.05, or an advance of $1.05 over the actual duty, and as you and I have agreed upon the final price paid by the consumer for the goods, I do not know where you make the difference.

WITNESS: If I may continue my cross-examination, I think I can bring it out. In this hypothetical case it is admitted that he only made a profit of 3 per cent on the whole transaction.

The CHAIRMAN: Who are you talking about?

WITNESS: The manufacturer who bought the goods, the wholesaler who bought the goods.

The CHAIRMAN: But where I think your fundamental error is, it is in the fact that you have discussed the first transaction from wholesaler to manufacturer and you have gone carefully into the subsequent steps from the manufacturer to the retailer, and from the retailer to the consumer.

WITNESS: If you will allow me to continue, I do not want to insist upon cross-examining you, but you have already admitted that in your view the buyer paid in respect of duty $43.75.

The CHAIRMAN: No, the buyer paid in respect of duty $77.77.

WITNESS: Yes, but on the first transaction $43.75?

The CHAIRMAN: On the first step?

WITNESS: Yes, 25 per cent on $35.

The CHAIRMAN: Yes, I think he paid 35 per cent duty plus the 25 per cent advance on the sale.

WITNESS: Let me demonstrate that he did not do any such thing. He paid a dealer $100 for goods; he paid the Treasury $35 for duty; he paid the Treasury $5.06 in sales tax; he paid overhead charges; he paid something to his employees; he paid his rent; his light; his overhead, which amounted to $30.81, and he paid a sales tax of $3.93, he sold the goods for $179, and all he got back in excess of what he had actually paid out in cash was $4.20; how could he have taken a profit of $8.75 on duty alone when he had disbursed a certain amount of money and got back a certain amount, and the amount he got back more than he paid out was $4.20.

The CHAIRMAN: I do not pretend that he made a net profit on his duty, any more than I contend that he made a net profit on the invoice price of his goods; the goods cost him $25 more than they otherwise would have cost if there had not been this duty, and when he came to resell them, to take care of his overhead and expenses he had to add to the part of the price represented by the duty 25 per cent, just the same as he added 25 per cent to that part of the cost represented by the invoice for the goods themselves, and to prove that I am right is—

WITNESS: You are quite wrong.

The CHAIRMAN: The proof of why I think I am right is because you and I agreed upon the final price to the consumer, and I have dissected that final price to the consumer, because Mr. Pedlow and I worked together and we have dissected the final price to the consumer as set out on page 784 of the proceedings, and page 788. You will see there the way we dissected it.

WITNESS: You are not allowing me to ask you any questions upon that, Mr. Chairman.

The CHAIRMAN: Yes I am.

WITNESS: May I be permitted to do so? Is it true in this hypothetical case that he paid out $30.81 in overhead charges? If you will be good enough to have my statement before you, Mr. McMaster, you will see that you have made a fundamental error in disregarding the overhead altogether.

The CHAIRMAN: I do not mind you cross-examining me, Mr. Sparks, but you assert most vociferously that I have made a fundamental error.

WITNESS: Yes.

The CHAIRMAN: I am not going to assert that you have made a fundamental error, but I say it is very striking that following my line of working I come to exactly the same price as you do as to what was finally paid by the consumer; I show how that is made up, I show that it is made up of the invoice cost of the goods, the wholesaler's advance on the cost, the manufacturer's advance on what the cost and the retailer's advance on what they cost him, and these come to $222.21.

WITNESS: You have produced an optical illusion.

The CHAIRMAN: That is not an optical illusion, Mr. Sparks.

WITNESS: It is an optical illusion, Mr. Chairman.

Mr. CALDWELL: Mr. Sparks in figuring it up brings out the same figure as you do, Mr. Chairman; the only thing is a technical question as to what the wholesaler and the retailer devoted the money to after they got it.

WITNESS: Absolutely.

The CHAIRMAN: There is no difference in what the Treasury got.

WITNESS: But he might not demonstrate that, Mr. Chairman.

Mr. CALDWELL: Have I the floor? I would suggest here that this Committee has an endless amount of work to do, and we are not getting anywhere by this discussion. Mr. Sparks is bound not to admit what he has already admitted. I would submit that we have no further time to discuss this matter, because Mr. Sparks will not admit what he has already admitted. I think we are clear on this thing, and I do not think we can discuss this matter hypothetically.

WITNESS: The only reason I might like to speak a little longer is that personally I view an investigation into the effect of the tariff on agricultural conditions—I do not like to say it would be a farce, but it would be a great mistake to carry on that inquiry. Two more or less reputable witnesses have come before you—

The CHAIRMAN: Both in perfectly good faith.

WITNESS: One admits that the Treasury got $35 and that the consumer paid $77. Another witness appears before you and states that no such thing takes place, that the Treasury gets $35 and that the consumer pays about $37 or $38. Which is right? You had better not go ahead with an investigation into agricultural conditions until you have settled that point. No doubt I am right. Perhaps I am a little vigorous in expression in saying that I am right.

The CHAIRMAN: No offence is meant, Mr. Sparks, and no offence is taken. We are glad to have your views. I might say this and close the matter; I am impressed with what you say, but it appears to me that when you have once arrived with us at a conclusion that the final price paid by the consumer is $332.53, and as you have arrived also with us at the conclusion that not thinking at the moment of either duty or sales tax the price of the goods plus the wholesaler's profit, the manufacturer's profit and the retailer's profit amounts to $222.21, and further as the duty without any profit on it only amounts to $35 and the three sales taxes without any profit on them amount to $19.73, we would be glad to have you come back to us and tell us where the difference is, your $55.37, where that comes from if it does not come from the pyramiding either of the sales taxes or of the duty, or of both. If you have your figures ready, you might give them to us.

[Mr. R. P. Sparks.]

WITNESS: You want me to follow through the whole table and come to a conclusion as to how much the Treasury got and how much the consumer paid?

Mr. SALES: And where the difference went to.

WITNESS: Our only dispute is, How much did the Treasury get and how much did the consumer pay.

The CHAIRMAN: We thank you very much; we value your evidence, and if the Chairman has shown any undue vivacity in arguing with you, it has been done in the friendliest spirit possible.

WITNESS: And I hope you will realize that my energy was displayed without any disrespect to this Committee. I will be glad to come back with a complete table.

Mr. SALES: Mr. Chairman, we have here a chart from the Harris Abattoir Company, showing the prices of certain cuts on April 17th, but they have not given us the price of various cuts of pork. I think we should write and ask them for a sheet covering the prices of these various cuts.

The CHAIRMAN: It has been moved by Mr. Sales, seconded by Mr. Caldwell, that the Harris Abattoir Company be asked to supply the Committee with prices of various cuts of pork, as shown on blue prints submitted in regard to beef.

Carried.

We are now going to go into Executive Session. The Committee will not meet this afternoon, but will meet at half past seven o'clock this evening.

The Committee adjourned until 7.30 p.m.

Evening Session

HOUSE OF COMMONS,
Committee Room 268,
MONDAY, April 23, 1923.

The Special Committee appointed to inquire into Agricultural conditions throughout Canada resumed at 7.30 p.m., Mr. McMaster, the Chairman, presiding.

GEORGE F. BENSON called and sworn.

By the Chairman:

Q. Mr. Benson, you are an office bearer in the St. Lawrence Starch Company, I think?—A. No, sir, the Canada Starch Company.

Q. You have asked for an opportunity to come before us to deal with some matters in connection with corn starch, and corn syrup; is that it?—A I think it advisable, Mr. Chairman, that I should make some remarks with regard to certain statements that were made by Mr. Clifford Sly, Manager of the Merchants Consolidated Limited, last week; not because he mentioned the name of our particular company, but he mentioned the industry, and it so happened that I have a letter which I received some time ago from the Minister of Trade and Commerce with reference to this particular firm.

Q. We will be glad to hear you, sir.—A. The statement that I want to make is a general one. You will no doubt want to ask me for certain information but the general statement is this: I think it advisable that I should make some remarks—I have prepared this memorandum, and it is very brief—from the other point of view, the point of view of the manufacturer, and to a certain extent, the point of view of the wholesale grocer; and I think that what I say will be applicable to many other manufacturers who deal with the wholesale grocery trade, although I am really only speaking for my own company. You will understand that the first thing that we have to do is to establish the actual cost of manufacture of our different lines of goods, f.o.b., our factory, and if possible add a reasonable profit thereto. Then we have to establish the price at which we can sell our various lines of goods to the different sections of the country, by adding the respective freight rates, and taking into consideration the cost of distribution, and it is this cost of distribution which seems to be the chief point of contention. This company has been in business for over sixty years, and as long as I can remember has always made its distribution through the wholesale grocery trade, simply for the reason that we came to the conclusion that this was the cheapest channel of distribution, and although changes have been made from time to time in the amount of discount allowed. the conclusion was reached many years ago that about 12½ per cent was a reasonable remuneration to give to the jobbing trade for this distribution; and this amount was allowed to the wholesale jobbing trade in the form of a trade discount deducted from the list price of the goods.

Q. That is to say, the list price at which the goods should go to the retailer? —A. Exactly. It would seem that attempts are now being made to make us change this method of doing business, on the ground that there are indications that we have some kind of combine or arrangement with the wholesale grocers, and that we have no right to make a resale price. The point that I want to impress upon this Committee is that the price list that we put into force is the price list fixed by ourselves.

Q. Fixed by yourselves?—A. Fixed by ourselves as the lowest list on which we can sell our goods to the retail trade. The wholesalers have nothing to do with it except to sell our goods on that basis, and they get their remuneration in the form of the trade discount that I have referred to. If we did not employ the wholesale grocers, we would have to sell the retail trade direct, and we long ago came to the conclusion that it was cheaper to employ the wholesale jobbing trade who all have their respective travellers covering the various districts of the Dominion, and who can, in our opinion, make this canvass and distribution more cheaply, as they can handle a large number of products at the same time, whereas our own men would only have the one product to handle, and the travelling costs of the salesmen would be about the same.

Q. May I interject a question?—A. I am nearly finished.

Q. Do you employ travellers to go to the wholesale trade?—A. We employ one or two. In the cities, for instance in Toronto, we have an agent a broker. In Montreal we have our own city salesmen. At outside points we have one or two travellers who cover those points.

By Mr. Robinson:

Q. But only to the wholesalers?—A. What they do is, visit our wholesale customers, and they also make a round of the retailers in that particular district, if they have time, just to see that they are handling our goods, and if the goods are satisfactory, or if there are any complaints. If the retailer wants to hand them an order, it is passed through the wholesale trade.

Q. Will you finish your statement?—A. Why anyone should assume that this method of distributing our goods increases the cost to the consumer, I cannot understand, as our conclusion is that it is the cheapest method for us to employ. If we did not make our distribution in this way, we would have to have hundreds of travellers in the different sections of the Dominion, and we would have to have a tremendously large staff of bookkeepers and accountants, and we would have to assume the risk of bad debts in thousands of accounts, whereas to-day the number of our accounts is comparatively limited. Surely it is self-evident that if we were forced for any reason to change our method of distribution, the almost inevitable result would be that our price list to the retail trade would have to be increased. That is our conclusion, sir, and that is the only statement that I want to make, in a general way.

Q. Now, Mr. Benson, does your firm ever sell to large retailers?—A. At one time, some years ago, we used to have an understanding that we would sell in large quantities at a certain discount; the wholesaler could sell it, too, but we would give a certain discount on large quantities.

Q. A smaller discount to the large retailer than to the wholesaler?—A. If I remember right, Mr. Chairman—you mean our trade discount?—A. That is 12½ per cent. There was a time when we did allow 6 per cent to the large retailer. The wholesaler could give that to him, too.

By Mr. Robinson:

Q. An understanding with whom? You said you had an understanding?

The CHAIRMAN: With the wholesaler.

The WITNESS: With the wholesaler that we would sell the man who took a certain quantity at a certain price; he could sell him too, but we gave him a certain discount for large quantities.

By the Chairman:

Q. Now, Mr. Benson, the complaint that was made by Mr. Sly the other day before us was not directed against your company. It was directed against the St. Lawrence Starch Company.—A. It was.

Q. Do they do the same sort of business as your company?—A. Just the same sort of business; they are not connected with us in any way.

Q. You read Mr. Sly's evidence, did you?—A. I did, sir.

Q. He set forth the way in which his company was organized, and the manner in which he did business. Can you see any objection, as a manufacturer, to filling an order which you would receive from, let us take a specific case, the Merchants Consolidated Company?—A. Yes, we have taken the position that it would not be fair to other wholesalers, or the great mass of retailers generally, to sell the Merchants Consolidated.

Q. Just why?—A. For the reason that the Merchants Consolidated, according to their own charter, was got up by a certain number of retailers who banded themselves together with the idea of being able to buy in large quantities, and thereby get the usual discount allowed by the manufacturers to any wholesaler. I was only going to say that we are only interested in our distribution; after all, we would be willing to sell anybody, but you cannot eat your cake and have it, and we think that the only fair way to handle our distribution is to give it to the one class, and we do not think it is fair to take a few retailers who band themselves together and who thereby get the goods at a lower price—it might enable just these few to sell it at a cut rate, but it is very unfair to the great mass of the retailers throughout the Dominion, who, we do not think are making an unreasonable profit.

Q. But, Mr. Benson, it has been brought home to this Committee, it has certainly been represented before us, and some of us feel that the costs of distribution are very high in this country. Would you agree with that, as a proposition?—A. No, I do not see how the costs of distribution can be cut down very much.

Q. That is what these people, the Merchants Consolidated, are trying to do. Let us take their own story. A number of retailers, in order to be able to buy cheaper, to buy in large wholesale quantities, to compete with the mail order houses, band themselves together and form the company, which is a wholesale company and buys in wholesale quantities.

Now, if they can by doing that cheapen their own costs, that is to say, the costs of the retailer, and by so doing are able to sell at a slightly better price to the consumer, I fail to see why that is an illegitimate or an unworthy object for people to have. I do not see why manufacturers, unless they are influenced by their other wholesale customers, should object to that. I would like you to put your position still more strongly before the Committee, more clearly if you can. Perhaps I can help you with a question. Is your only objection to selling to such a concern as the Merchants Consolidated, the fact that your wholesale customers would feel that you had not taken care of them, to use the modern business phrase?—A. No, that is not my chief objection.

Q. Give us your chief objection.—A. My chief objection is that it is not fair to the thousands of retailers throughout the Dominion of Canada. Any advantage that the Merchants Consolidated, or an organization of that kind, might get from this co-operative buying, would be limited to a very small circle, and it can only be done on a very small scale, unless you are prepared to wipe out all the old method of distribution.

Q. Is there anything to prevent retailers in any part of the country from joining themselves together for the purpose of obtaining better prices through collective buying. Is there anything to prevent them doing that?—A. There is no law to prevent them.

Q. Is there any undesirable feature, can you see any undesirable feature in it, if everyone did it?—A. Then your argument would lead one to the conclusion that you do not want any wholesale distributors at all?

Q. I do not say that, but I say, is it right for manufacturers or others to refuse to sell to combinations of retailers, if they buy in wholsale quantities? Is there any real reason for that, any good economic ground for that?—A. I think you have to take into consideration the great number of people in business, the retailer and the proprietor of the general store throughout the country. As a rule, he buys in comparatively small quantities, he wants his deliveries in a certain way, there are only comparatively few who can buy in carload lots. We have felt, at any rate, that it was not fair just to single out these few—and there are very few—to the detriment of the others.

Q. What detriment is there to wholesalers in this situation? Let us suppose that the manufacturers and the jobbers were prepared to sell to anyone in wholesale quantities, any retailer in wholesale quantities, provided of course the person, the buyer, either paid cash or had satisfactory credit. What objection can there be from an economic or social standpoint for, let us say, the buyers in the Province of Manitoba, for instance, all forming in Winnipeg a company and buying through that company in wholesale quantities. I cannot see that there is any economic or social objection to that?—A. The question is, whether there would be any real advantage to the great mass of the consumers. I have the feeling that there would not be any great advantage, on a large scale. The retailers interested in that operation, probably would make a little more profit, the wholesalers in many cases would be wiped out. It would

be a matter of indifference to us, but we want to be fair, and we want to be consistent.

Q. But, Mr. Benson, is not the only way to really prove out what system is the best, to allow people to carry on their business in the way they think best, so long as it is honest and fair?—A. Well, to do that, you sometimes find that you get into a situation which becomes impossible. The question of credit comes up, for one thing.

Q. In this discussion, we are assuming that the credit of the co-operative buyer, or the collective buyer, is satisfactory. That introduces another element into the discussion which I do not think it is necessary for us to discuss just at this moment. Perhaps some other gentleman would like to ask a question. I think we understand your point of view, but as far as I am concerned it does not seem to me that you have made your case. If fifty buyers, or one hundred buyers can, by forming a company—.

Mr. SALES: A wholesale company.

Q. A wholesale company, can buy at wholesale prices, and then distribute from the wholesaler among themselves on a narrower margin of profit than the ordinary wholesale house will exact, I cannot see that anybody has a right to complain.

Mr. SALES: Or to sell to any other retailer.

The CHAIRMAN: Yes, but of course this specific instance was that the company was prepared to sell to any retailer, who wanted to buy from them, although they very frankly stated that in the beginning they were composed of a number of retailers who had banded together for the purpose of forming a wholesale house. But even taking the narrow form, I cannot see why it is against any economic law, or why it should be against any business practice for a number of retailers to band themselves together and form a wholesale company, that wholesale company to purchase from jobbers or manufacturers at the same rate as the manufacturers will sell to other wholesale companies, even though that wholesale company will sell to its shareholder members, goods on a narrower margin of profit than the ordinary wholesaler does to the ordinary retailer. That is my feeling about it. I would be glad to have any arguments from you to support your case.

WITNESS: Mr. Chairman, I did not come before you because I thought I had a very strong case. I have done what very few manufacturers would do—I have come here because I really wanted to hear your viewpoint, because this has been something of a quandary to many manufacturers at times, but they have always come to the conclusion that they had to be, as I said before, consistent, that a disturbance of these old channels of trade which they thought were reasonable, and which were not against the interests of the consumer, was going to lead to a lot of financial trouble in the long run, and if nobody except a very few were going to gain anything, it seemed better that the old channels of trade should be maintained.

By the Chairman:

Q. As you have been good enough to say that you have come here to get our point of view, let me emphasize what Mr. Sly put before us as to the manner in which his company managed to sell to the retailer at a lower price. There were two things; first, his company sold for cash or practically cash, thereby eliminating bad debts, and next that they did away with the expense of travellers, which you just said is a very expensive item—if you have not said it you have inferred it; then they kept in close touch with their customers by bringing them to Winnipeg twice a year to a sales fair, and keeping closely

in touch with them by the issue of price lists, catalogues and so forth, and in that way they were able to do a business last year of some $750,000, doing business in a substantial way, that their credit was good, that they were prosperous, although I imagine they paid no dividends to their shareholder members, but that is their own business. Is it not possible that that might indicate to all the wholesalers that some of their methods need changing?—A. I do not think as a wholesaler that many manufacturers would be led to that conclusion, because the general idea is that the Merchants Consolidated from a financial point of view has not made any headway. I do not think it has been of any great benefit to the shareholders, and, as I said before, I do not know that it has been of any benefit to the consumers. I noticed that in Mr. Sly's evidence he would often state he could make a sale at 5 per cent or 2 per cent, and the inference was left that that was a saving to the consumers at large. He meant that it was a saving to the individuals to whom he sold.

Q. I think he meant that, but that might be passed on to the consumer, or it might not?—A. Precisely. I am not saying that the retailers interested in this might not gain something, the consumer would not.

Q. The consumer might or might not, it would depend upon the competition where the shareholder might be?—A. Yes. The point is that every retailer who did not happen to be a member of this organization would be at a disadvantage.

Q. But it would be possible that other retailers should form such combinations if they wanted to; if this method adopted by the Merchants Consolidated is not an economically wise way of doing business, will it not fall of its own weight; why should it not be given a chance by the wholesalers and the manufacturers; why should your friends the St. Lawrence Starch Company refuse to sell them, when they offered to pay for the goods?—A. We do not single them out only. Why should we, as a matter of fact?

Q. You have not been asked, but you would not?—A. Our agents have been asked, in a general way.

Q. Why should you take upon yourselves to be the defenders of a system of distribution which may possibly not be the best system, because I think myself we are far from perfection in this world along very many lines?—A. Well, rightly or wrongly, Mr. Chairman, we have taken the stand, and I have made the statement that we came to the conclusion that that was the best method of distribution, and that it was fair to all concerned, and if we agreed to the proposition you bring forward to sell to anybody who might get together and want to buy, we would wipe out all the old channels and wipe out the wholesale trade.

Q. Not if the wholesale trade is a real useful factor in the economic situation; if it is a real legitimate factor in the economic situation it will maintain itself under a system of competition, and will not require, I take it, or at least claim any adventitious aid or restrictions imposed by wholesalers or by manufacturers. If, on the other hand, the wholesaler is not an economic factor in the situation, if he is not a useful factor in the economic situation, he will disappear. Let me point out this to you; if the methods used by the Merchants Consolidated of sending out catalogues very often, of not sending out travellers but getting their buyers in to their semi-annual conventions, selling for nothing but cash or practically cash—if these are good methods there is no reason why other wholesalers should not adopt them, and why other wholesalers should not be able to cut their cost of distribution just as the Merchants Consolidated say they have done; is that not logical?—A. Well, they say they have done that.

Q. It is possible that we may be discussing a hypothetical case. They say they have done it.—A. They say they sell for cash or practically so. I do not know that that is to the advantage of all the public, for them to sell only on that basis; it may be.

Q. Taking the public as a whole, I think I would say Yes. It may come hard on certain individuals; but the public as a whole have to pay the bad debts not only of the honest people who cannot pay but of the dishonest who do not pay; is that not the case?—A. They do, in many cases.

By Mr. Milne:

Q. Do you sell to any person who is dealing in a retail way?—A. We do not really sell to them, but they are on the list; I refer to the T. Eaton Company.

Q. You do not sell to them?—A. We refused to sell them, and although they are on the list they do not buy from us; we do not include them on our list. They are sold to by a great many manufacturers.

By the Chairman:

Q. Do all the different manufacturers, does each one have his own legitimate list, or list of legitimate wholesalers—your own list, is it your list or a list prepared by you in conference with others?—A. What I mentioned now as the list is the list of wholesale grocers. We do not confine oureslves exactly to that list. Of course our list covers the wholesale trade, but if there was an opinion among us that a man was a legitimate wholesaler, he would be entitled to buy from us.

Q. Who prepares this list?—A. The Wholesale Grocers' Association.

Q. Do you or do you not confine yourself to that list?—A. We do not.

Q. Do you depart from it in any substantial degree?—A. Not to any great extent, because the Wholesale Grocers' Association naturally admit most of those they think are entitled to be considered jobbers. It may be personal that in certain districts they might not accept somebody; we say we think it is fair to sell to that man or not to sell to him.

By Mr. Milne:

Q. Do you think it would be of advantage to the public to sell goods in that way?—A. We took the same position as we have done in this, that it was not consistent.

By Mr. Robinson:

Q. Has it been the history of these associations in the past that they have been permanent concerns, like these retail buyers; they have existed before, have they not?—A. To which do you refer?

Q. The Merchants Consolidated, for instance; have there been in the past organizations of that kind, or is this the first, to your knowledge?—A. Personally I cannot think of an organization that was really formed of retailers, that approached us to get on our list.

Q. About co-operative buying, do you know anything about that, bodies of men buying co-operatively, are such organizations permanent or not, usually, or do you know anything about that?—A. Well, I don't know much about it, but some of them I presume are permanent, and a good many of them as far as I know have not been a financial success. In selling and disposing of our by-products, our gluten feed, which goes to the farming community, we sell to the farmers' clubs.

Q. That is what I mean, it is the same thing?—A. Yes.

By the Chairman:

Q. Let me ask you this question: Why have you no objection to selling to a group of farmers who band themselves together for collective buying, while you have an objection to selling to a group of retail merchants who band themselves together for collective buying?—A. As a matter of fact, in the case of gluten feed, it has been sold right over the counter at our works; the feed never went beyond that district, it was brought naturally by the men who took the trouble to come and get it. Then it developed that we would dry a great percentage of it, and it had to be shipped away. There were dealers in the business, and they would take a carload, which a local man would not take. Then the farmers in a certain district got together and wanted to buy a carload, in a certain section. It was simply the enlargement of our distribution over the counter, in certain sections.

Q. As a matter of fact, as business developed in that way, you saw no reason for changing?—A. No.

By Mr. Sales:

Q. Or is it a matter of fact that nobody exercised any pressure to stop it.—A. In the case of the farmers' clubs?

Q. Nobody complained about it?—A. I think, no matter what they might have said, we had to dispose of a large quantity of stuff within certain seasons, and we would sell it anyway, in large or small lots. There is a little difference in the price in that case. Remember that that is a comparatively simple thing, Mr. Chairman, limited to a comparatively small district, not very distant from the plant.

Q. But the distance does not make any difference, it is the principle we are after.—A. Yes, but it is a question of the organization which you need to distribute your goods from Halifax to Vancouver, which you have to consider. There is a certain organization in the country to-day that is not exacting an unreasonable profit, in my opinion, and we have to see to that organization, and that it was a fair thing to do, and it was our opinion that the public would not suffer.

Q. Which organization is that?—A. I refer to the Wholesale Jobbers.

Q. Yet we had it proved this morning, Mr. Benson, that a $100 article, by the time it passed through three of these legitimate channels was $222.21 to the consumer, double the price and more.—A. There must have been more than the usual number of channels, in that case.

The CHAIRMAN: The gentleman who disagreed with us on some points agreed with us absolutely upon this point, that if you take goods which cost $100 to the importer in this case—but we left the duty aside for this calculation—$100 went from the wholesaler to the manufacturer, from the manufacturer to the retailer, from the retailer to the consumer, and giving 25 per cent gross to the wholesaler, 33⅓ per cent to the manufacturer, and 33⅓ per cent to the retailer, without allowing any manufacturing cost to go into it, merely the material, it came to $222.21.

WITNESS: Of course you are allowing a good substantial profit all around.

The CHAIRMAN: It was in evidence I think, that the grocers are handling on a much larger margin. The gentleman's view was that those figures would only give about 12 per cent on the capital, turning over the goods four times.

By Mr. Sales:

Q. I notice you have a great consideration for the man in business?—A. I have, it is true, because I think they have more worries and take more chances.

Q. Have you any consideration for the man who is in the business of farming and must buy these goods? Is he not also in business?—A. He is, and I think he deserves every consideration.

Mr. SALES: Some of his goods. I will buy gluten from you, if I am a member of a co-operative store, doing business in a legitimate way over the counter, the same as any other retailer. I want to buy and you want to sell to me.

The WITNESS: I give you my reason. What about all the others? I have to come back to these men. There are thousands of them in the retail business. I do not defend their asking anything more than a reasonable profit.

By Mr. Sales:

Q. What do you call reasonable profit?—A. 20 to 25 per cent.

By Mr. Gardiner:

Q. On the cost or on the turnover?—A. That is on the turnover.

Q. To the wholesaler?—A. He gets 12½ per cent discount from us. That is all he gets out of it. Of course that is not profit, remember.

By Mr. Milne:

Q. That would hardly be sufficient to handle dry goods.—A. I do not know anything about that.

By Mr. Sales:

Q. Is your objection to this Merchants Consilodated, that they do not use travellers? Is that one objection?—A. I do not care how they do their business. They claim that because they do not use travellers they can sell cheaper than any other jobbers. They may be able to sell cheaper in certain sections, and naturally having a number of shareholders in their company they would get preference and they would not need travellers.

By the Chairman:

Q. That is not illegitimate?—A. It is not illegitimate in itself, but it is practically working against a system which I think has been a very fair one all through, and I think that is what ought to be cleared up in all fairness to everybody concerned.

Q. Is the consumer gaining anything except in a very few individual cases?—A. We cannot tell that, and if the consumer is not gaining anything and if the retailer is not gaining anything, then the company as such will go out of business. There would be no object in their existence.

Q. You are familiar no doubt with the co-operative movement in England and in Scotland?—A. I have heard of it but I do not know how it works.

Q. As I understand it, it started in a most humble way. A few artisans in a very modest way got together, because they felt retail prices were higher than they should be. They got together for collective b ıying in the last century, and I read somewhere within the last few years that one-fifth of the retail business of the Old Country is conducted now by co-operative societies. Now I would gather that co-operation has got more value or it never would have grown like that in a country where they have a keen trading population such as is in the British Isles, and my view would be that it is unfair and unfortunate if wholesalers and manufacturers put stumbling blocks in the way of developing co-operation in this country. That would be my answer, that no nation, if it is getting on at all, is fettered . It seems to me that only in an atmosphere of freedom can you really find out what is best for the people as a whole, and men who are in leading positions, in a scheme of distribution, are not doing right by

their country if they are interfering with people in the conduct of their business as they like.—A. Theoretically there would not seem to be any argument against it.

Q. Is there much argument against that, except that you do not want to disturb the old trade channels which you found satisfactory.—A. Theoretically there would not seem to be any argument against it, but from the practical working out, I have very serious doubt, as I said before, that the ultimate result will be to the advantage of the great mass of the people, and then if you bring disaster on a large number of people in business, I think that the general effect is going to be certainly detrimental to the business of the community of the Dominion.

Q. But disaster can only overtake the wholesaler if such collective associations of buyers show that they are able to carry on business more economically and cheaply than the wholesaler, it seems to me that is the only case in which the wholesaler would go to the wall. Is there an answer to that?—A. Well, that is a difficult question to answer. It is rather hard for me to say definitely what would be the result, but I would say that if you got all the retailers together, it would undoubtedly wipe out the wholesaler. Apparently from your viewpoint that should not be considered, I mean, if it were in the interests of the consumer, I do not know whether it would work out in the interests of the consumer. As I said before, it would create a very serious situation from the business standpoint. Is the consumer suffering to-day in these particular items we are dealing with, and that the Merchants Consolidated wants to handle?

Q. Here is the evidence we have before us, that the farmer, who represents about one-half of the consuming public of this country, he is getting about the same; in some cases a little better; in some cases a little worse for the goods he has to sell, than he got in 1913, and that he is paying from half as much again and twice as much as he paid in 1913 for what he has got to buy. That is his economic problem. That is the economic problem of half of the Canadian people and that is one of the problems we are trying to solve here. —A. He is getting a good deal more in dollars and cents than he did in 1913. In 1913 he got practically as much for his milk as he is getting to-day. He is getting practically as much as he was for his wheat, for wheat has gone up some.

Q. We have had comparative prices and we are going to have some more, but the difference between what he was able to purchase with a dollar in 1913 and what he is able to purchase with a dollar now in dry goods—we had it before us the other day—is that he was able to purchase in 1913 just twice as much or over twice as much in dry goods as he is able to purchase to-day.—A. Well it is not so many years ago that dollar wheat was the exception, and I should think that a great deal of the trouble is due to the increased cost of labour, is it not?

Q. No doubt that has something to do with it.

By Mr. Sales:

Q. Do you mean farm labour?—A. I mean both.

By the Chairman:

Q. The farmer, as was pointed out to us by Professor Jackman the other day, is an unorganized individual, and in the economic system, or the organization of labour, organization of traffic, organization of transportation, he is in a position which he regards and which I think most of us regard as a very unfair position, and anything we can do to cheapen the cost to him of things

he has to buy, it seems to me it is our duty to do it. Under those circumstances have the manufacturers of this country the right to say "we will refuse to sell to a man or company that wants to buy wholesale, because if we do, the competition that you will subject our other customers to, is in our opinion an unfair competition".—A. It is not so much our other customers because therein you are referring to the jobbers. It is the great mass of the other distributors in the form of retail merchants throughout the country.

By Mr. Sales:

Q. Have they objected, Mr. Benson?—A. They would naturally object to me or to the other wholesalers. They would object officially if the matter were put up to them.

Q. The Retail Merchants Association has objected, have they not?

The CHAIRMAN: They have objected to Bill 54.

By Mr. Sales:

Q. They have objected to the Merchants Consolidated being allowed to buy?—A. I was not aware of that.

Q. What led you or your company to refuse this Merchants Consolidated? Who brought you the information about it?—A. It simply came from our agent in Winnipeg with a request to know whether we would sell them or not.

Q. Who are your agents in Winnipeg?—A. Mason and Hickey.

Q. They are connected with the Grocers Guild?—A. No, they are simply brokers.

Q. They wrote, asking you not to sell?—A. Not at all. They asked us what our desires were in the matter, and, and we made some inquiries, and we came to the conclusion that it would not be fair to sell them. That is all.

Q. You say you want to be fair to the retailer? Are you going to be so fair to him that you are going to force the farmer to trade with the Eaton Company in Winnipeg, and that is the desire of these merchants, so that the advantage will not be to the consumer. I know the gentleman who is the President of the Merchant's Consolidated, because he lives in my own village and he has pointed out to me time and again that Eaton's, sell goods cheaper than he can buy them. He does not blame the farmer for sending his money to Eaton's, but his only idea is to be able to compete with the mail order house. If you want to be fair with him, you will place him in that position.—A. Well, you asked me whether we had been complained to by the retailer? We never have. But my attention has been called by some of our representatives to the fact that retailers in certain sections of the country have several times brought up the question of Eaton's, for instance, and certain chain stores which have grown up throughout the country, and they have taken the position that they would not buy goods that were handled by these organizations, therefore they object apparently to organizations of that kind. You may say the chain stores have profited by us—

Q. What chain stores?—A. They are quite prevalent in the United States.

The CHAIRMAN: They have just made a rather bad failure of Canada?—A. One of them.

By the Chairman:

Q. Mr. Benson, we understand your point of view; but as you have been good enough to say you would like to hear ours it strikes us that any attempt to hold up the price at which a wholesaler shall sell to the retailer may have one of these two consequences; first, the retailer may not be able to compete

with the mail order house, and the business may go to Eaton's. That is not going to help the retailer, and I don't think in the long run that helps the consumer, because I think it is better for the social life of any country community to have one or two prosperous stores in the village that is the distributing centre rather than sending to a central place such as Eaton's?—A. I agree with you.

Q. The other effect may be this: we saw it in connection with Mr. Sly's evidence in your syrup, he was not able to get your syrup or the syrup of your friends, the St. Lawrence Starch Company, and he went to the States, and he placed substantial orders in the States for syrup; he paid duty coming in, and the business that might have gone, and would under ordinary circumstances have gone to eastern Canada went to United States; now, I presume from your view of matters fiscal you would think that was a very unfortunate situation, would not you?—A. Yes, that is naturally very unsatisfactory to us.

Q. That is one of the results of refusing to sell these people, is it not? —A. To a certain extent. Of course I may say there was a certain amount of syrup offered in western Canada at a very low price by an American concern that had to go out of business; I don't know where he bought his syrup, but the basis of price established was by a concern that went out of business.

Q. Of course this Merchants Consolidated not only deal in articles such as you produce, but also dry goods, boots and shoes and rubbers, and they had to go to the States and get some orders, so that is the effect that such a course of action as you feel you should pursue may have, of driving trade out of the country?—A. But I want you to understand one thing, and that is that we are not controlling the retailer in any way, and we are not really controlling the wholesaler to any extent; we suggest a price at which he should sell to the retailer, because we have figured out that that is the price we would have to sell the retailer at if the wholesaler were not there, if we had to canvass the trade ourselves. You take the position apparently that we do not need to do that, that we could simply trust to these people placing their orders with us, and circularizing them to a certain extent, and not going to the extent of canvassing; we have found that we cannot do that, that brands from outside slip in unless we keep somebody checking up continually on the wholesale jobbers, and also to a more limited extent on the retailers we do not get information that we ought to have with regard to our need, that if things are not satisfactory we may have to change the character of them, and so forth.

Q. Do not think for a moment that I am criticising the manner in which you do your business; if you think it is best to have travellers that is your business, but Mr. Sly's evidence on that one point was to the effect that one of the reasons given by some wholesale houses was that some manufacturers did not want to sell them because they did not keep travellers, that was one of the reasons; the real reason was that they were not exacting a turnover from the wholesaler to the retailer of sufficiently broad margin of advance, that was the real reason.

By Mr. Sales:

Q. Did you ever do business with the A. Macdonald Company in Winnipeg? —A. Yes.

Q. Mr. Macdonald never had travellers?—A. No, he had not.

Q. There was no objection to selling him because he did not have travellers; he sent his catalogue through that western country?—A. I never understood nor admitted the fact that the Merchants Consolidated did not have travellers had anything to do with our thinking they should not be sold, neither do I

think you have got to define a wholesale house as a firm that has travellers; I understood that the A. Macdonald Company did not have travellers.

Q. They were the biggest wholesale house in western Canada?—A. They were one of the biggest.

By Mr. Hammell:

Q. How many hands do your products pass through before they ultimately reach the consumer?—A. They go through the wholesale trade, as far as the actual handling is concerned we pay our broker in some cases, in the west we pay the broker—

By the Chairman:

Q. You have a broker, and he sells to the wholesaler, and the wholesaler sells to the retailer, and the retailer sells to the consumer?—A. Yes.

By Mr. Hammell:

Q. Would you take a $100 order and figure out as a previous witness did what a $100 order would ultimately cost the consumer following the channels you have allowed your trade to flow through?—A. The broker on that syrup gets 2¼ per cent I think.

By the Chairman:

Q. We start off with $100; where is the factory?—A. At Cardinal, Ontario.

Q. It leaves the factory at Cardinal, Ont?—A. We have another one at Fort William, but we have not had enough business in the west to operate it.

Q. I suppose the farmers will reply "Give us our goods cheaper and we will order more of them." It goes out invoiced to the broker; let us say, at $100, is that right?—A. No, it goes direct to the jobber less 12½ per cent.

Q. What does the broker get?—A. He gets I think it is 2¼ per cent.

By Mr. Sales:

Q. When does the sales tax come in this?—A. As a matter of fact on the syrup we absorb the sales tax, 2¼ per cent.

By the Chairman:

Q. When it reaches the wholesaler it costs the wholesaler—?—A. If you are taking it at the $100, you mean you want to add the 12½?

Q. Yes?—A. All right, it is $12.50 on the $100, that is what we claim our cost of distribution would be.

By Mr. Hammell:

Q. The wholesaler is able to add that much?—A. That would be it. The way we do we sell at $100 and we take 12½ off; he sells at $100 to the retail trade. Supposing you sell $100 of goods to the retail trade, the wholesaler will buy those goods at $87.50.

By Mr. Sales:

Q. That is more than 12½ per cent, that is 15 per cent?—A. No, that is 12½ per cent off.

By the Chairman:

Q. 12½ per cent off is more than a profit of 12½ per cent?—A. I mean he pays—the simplest way is for you to say we sell to the retail trade $100 worth of goods and take 12½ off,' therefore the wholesale jobber pays $87.50.

Q. And he sells to the retailer for $100?—A. Yes.

Q. So that he makes whatever it is, about 14 per cent I suppose. It is $100 to the retailer, and the retailer adds, do you know what?—A. The retailer adds I think as a rule 25 per cent; we do not control that.

By Mr. Sales:

Q. This broker is your agent?—A. Yes.

Q. You sell to him?—A. Yes.

Q. The wholesale firm wants to get your syrup, they buy from the broker? —A. They buy it through the broker, but I mean we invoice direct to the wholesale jobber.

Q. What about a wholesale grocer who sends out a mixed order and he wants to send syrup out along with a lot of other things, does he get that at say $87.50—can any wholesale grocer buy from you at $87.50?—A. Yes.

Q. Or only your agent?—A. Our agent has nothing to do with the sale except he gets the order; he is a salesman.

By the Chairman:

Q. He collects the orders and is paid a per cent for so doing?—A. Yes; he gets the brokerage for doing the business.

By Mr. Hammell:

Q. His work does not affect the price?—A. No, we absorb that.

Q. That wholesaler is paying $87.50 per hundred?—A. Yes.

By the Chairman:

Q. $87.50, that is what the wholesaler pays for it?—A. Yes.

By Mr. Hammell:

Q. What does he charge the retailer?—A. You have one other thing to take into consideration, as applied to different districts; your $100 in Winnipeg would be $100 and something added at Regina and Saskatoon—it is merely the question of adding the through carload freight rate to the actual selling price.

By Mr. Milne:

Q. You sell direct to the jobber, you cut out the 2½ per cent which the broker would otherwise get, you have that much extra yourself?—A. No; he takes the order, he passes the order to us from the jobber.

Q. You made the statement that any jobber could buy from you direct, didn't you?—A. Yes, but he places his order with our representative in Winnipeg. We have a broker in Winnipeg, and it is the same as any American firm, they have a broker in Winnipeg, and they all pass their orders in to that broker.

Q. And he gets his commission whether the order comes direct from the wholesaler?—A. No orders come all the way east, because they are generally given to the man verbally or by wire, and he wires us from Winnipeg.

By Mr. Sales:

Q. There is a link I am not quite clear on; I am a wholesale traveller travelling for some of these Winnipeg houses, and I come to a little country store and he wants to buy your goods amongst a lot of other things, and I take his order—I am a representative of the wholesale grocers, how do I approach your agent?—A. You are the traveller of the jobber?

Q. Do you sell to any wholesale grocer at $87.50?—A. Yes.

Q. Oh, I see?—A. You send in your order to your own jobber, the man who employed you, and he gets the goods at this price, and we cannot control the price at which he may sell them; we issue a price list and we say that is our price list to the retail trade; that is what we would sell them at ourselves.

Q. So that you have no fixed price on your product?—A. We have that price list you see of $100 that we are talking about.

Q. But no fixed price of what the retailer shall sell your goods?—A. No.

By Mr. Hammell:

Q. Add 25 per cent to that?—A. That may be 20 per cent or may be 25 per cent; we do not control that; we have nothing to do with it; it is whatever the retailer can get from the consumer?

Q. The difference between $87.50 and $125 or $130 is the spread from the manufacturer to the consumer?—A. I should judge as far as I can see.

By the Chairman:

Q. As a matter of fact groceries are sold on a pretty narrow margin, are not they?

By Mr. Gardiner:

Q. You have to place on your product at the factory a price sufficient to pay your agent in Winnipeg, that is added to the first cost I presume?—A. We have to take into consideration that, yes, that is 2¼ I think on syrup.

Q. Just one point, and that is this, it has a bearing on this matter: I was in a small town last fall, two grocery stores there, and at the hotel that night there were five grocery travellers called on those two small grocery stores, not one of those travellers took an order, and the train service was such that they had to spend the whole day and one night; I would like to ask Mr. Benson just how long the consuming public of Canada is going to stand for that kind of business; how long do you figure you are going to stand for it?

Mr. SALES: How long can we stand.

Mr. GARDINER: That is the point we have come to now. That is not an isolated case. That hotel keeper told me that night that there would be quite a few grocery travellers in that same village that week, and he expected some more before the week was over.

WITNESS: I suppose they were handling all kinds of goods from all parts of the world, you might say.

Mr. GARDINER: They were handling all grocery lines. If you go out from say, Calgary, on a Monday morning, and go either on the line up to Edmonton or east towards Saskatoon, or south towards Lethbridge, you will find these trains all full of commercial travellers; you cannot get a seat unless you get there early, but as you go down the line the train gradually lightens, they get off all along the line. On Friday, you will see these same travellers coming back again, and these men are out on this line all week. You can see well enough, Mr. Chairman, why we farmers in the west are in the desperate position we are now in, and why it is costing us so much for the things which enter into our cost of production. The system is top-heavy, and it is time we made a change somewhere, a radical change.

By Mr. Sales:

Q. I would like to add to that, Mr. Chairman, that the same situation exists in all the western cities. I have seen the travellers coming in on Fridays as merry, almost, as a Press Dinner for instance, but the point, Mr. Benson, is this, if I can get it to you, as a representative of these manufacturers: The farmer must compete with various countries Argentine, India, Russia, with a much lower standard of living, and unless these goods are supplied by our manufacturers at a much lower cost, by some means or other, I consider it is

going to be impossible for Western Canada to retain its place in competition with the world. I am seriously making that suggestion to you, and I think that any means that can be brought about to lower the cost of distribution and manufacture is a thing that should engage your very serious attention.—A. You can rest assured that we have given the greatest thought and done everything possible to reduce the cost of manufacture, and we have come to the conclusion that we could not reduce the cost of distribution and at the same time retain the distribution that we had to have, because after all, the cost of production depends to a great extent upon your output.

Q. But look at the position you are in; you actually discourage a body trying to reduce the cost of distribution, by refusing to sell them. You would not even give them a trial.—A. It is not the general cost of distribution, Mr. Sales; Mr. Sly spoke as though it were in the interest of the great consuming public, but after all, he was speaking for just a comparatively small number.

Q. You do not expect, Mr. Benson, that somebody can go out and organize all the retailers over night, or that anybody can speak for all the retailers. They have three-quarters of a million dollars of a turnover, that is quite a little item, and there must be quite a number of retailers. This company is being stifled at birth, you are not going to give it a chance.—A. We want to give the great mass of the retailers a chance; it is only our fear that some individual action of this kind may have very serious effects upon the great mass.

Q. Why do you call it "individual action"?—A. I think it is.

Q. I do not think so.—A. It applies to only a few. What I want, you understand, and what we want is distribution; we must have it.

Q. You are so anxious about the disastrous consequence to the retailer, but I wish you could get a little bit of sympathy for the disastrous consequence to the consumer. Look at the men to-day, going across to the United States, they are writing back to their fellow men and saying that living there is considerably lower than it is in Canada. I have seen letters to that effect. Our farmers are having to quit business. These conditions are disastrous to your consumers. You are so anxious about the retailer, but if you would become a little anxious about the consumer as well, it would be to the good of the whole country.

By the Chairman:

Q. I think this is fair, also, Mr. Benson. I think there are about two hundred regular customers of the Merchants Consolidated, who are also shareholders. There are also about one hundred customers, not shareholders. These two hundred retailers, these two hundred customer shareholders, who are retailers, must have thought that that was the best thing for them, or they would not have joined them, so I do not see why they are not just as much the object of your care and thought as the other retailers.

Mr. HAMMELL: What percentage of the business in that territory would be included in the three-quarters of a million odd turn-over?

The CHAIRMAN: A very small percentage.

Mr. HAMMELL: That would practically answer your question, it would show that the percentage they represent, as compared with the great bulk of the others—.

The WITNESS: I really do not know what territory they do their business in, I have heard of the distribution of syrup to which Mr. Sly referred, and I have heard remarks that they were not too strong financially. The question is, have they made any headway from a business point of view, and are they likely to make good; is it going to be to the benefit of the public at large?

By the Chairman:

Q. In other words, are they a mere flash in the pan?—A. Yes.

Q. I questioned Mr. Sly on that, and he said they were making substantial profits, that they were in excellent credit with their bank, that they had I do not know how many drafts drawn on them in connection with their business, that they have never allowed a draft not to be honoured, and that they were in excellent standing with their bank, which was the Bank of Montreal. That is what he told us, with every indication of good faith and accuracy.

Mr. HAMMELL: Have you any idea of their territory, Mr. Sales?

Mr. SALES: No, I have not.

Mr. MILNE: It is my opinion, Mr. Chairman, that if there was not such a war waged against them there would be a whole lot more retailers with them, but the propaganda that is going out—I have known this concern for about four seasons now, and I do not think I ever talked to a traveller who was interested in any of the other houses without hearing the prophecy that the Merchants Consolidated would be out of business inside of three months, that they were just on the last stretch now; consequently, retailers, who get their information from travellers to a very large extent were frightened to have anything to do with them. Three months has been the longest time that has been given, that I have heard of, for their existence, but they have managed to exist much longer than that.

By Mr. Sales:

Q. It might interest you Mr. Chairman and the members of the Committee, to know that there has been quite a number of retail stores, co-operative stores, formed in Saskatchewan, through the Grain Growers' Association, and we have had this fight that this Merchants Consolidated have had, facing us ever since we started. I would say here, without any doubt, that all these interests are determined that co-operation in this country shall not have a chance; it it going to be killed before it is born, if they can do it. They would not trade anywhere, it did not matter whether you had the money or had not the money, we have had that fight all the time, and I believe we are going to have it, because there is a determined effort that these so-called legitimate channels of trade shall be the only method through which the people in Western Canada may trade. You are aware of that, Mr. Benson, I suppose?—A. I do not know that there has been any determined effort, as far as we are concerned. We are simply trying to see what is the fairest business method of dealing with this distribution.

Q. We had connections with a wholesaler in Western Canada; we were paying for our goods, and he was quite satisfied to do business with us, and was quite contented—

The CHAIRMAN: When you say "we", whom do you mean?

By Mr. Sales:

Q. I mean the Saskatchewan Grain Growers Association. He was quite contented to do business with us, but pressure was brought upon the persons who supplied that wholesaler, that if he sold to us he could not buy goods. We were cut off from time to time from things we were trying to buy; contracts were made and then broken. Somebody got in and pulled the strings, and I am of the opinion, Mr. Benson—you have not admitted it, but I am of the opinion—that somebody influenced you in your refusal to sell to the Merchants Consolidated. Their own evidence, all the way through, is that just as fast as they made a connection, some unseen influence broke it, and that was exactly our experience with

our co-operative retail stores. First it was said, "We will not sell you because you are not a legitimate retailer, you must sell over the counter, you must have scales, you must have stocks." We complied with these conditions, and then they were broken, and we have had difficulty all the way through.—A. You cannot say that anybody influenced us in any way, because we never sold them.

Q. I cannot say, but you will not sell them.—A. No. I am stating the facts.

By the Chairman:

Q. You were frank enough to put yourself just in the position as though you had sold them; you said you did not sell them, they did ask you to sell them, but you would not.—A. Yes, but I gave the reason. If that reason is not a good one, that is another point, but nobody influenced us. We are independent in that respect. We did what we thought was fair. We thought we were fair to all concerned, and we took the position which I have tried to lay before you, and that is, that we had come to the conclusion that this was the fairest and cheapest and best distribution for all concerned, and we thought it was better to maintain it, but you must be consistent.

Q. Let me just leave these words with you. You were good enough to say that you came here to get the view of the Committee. I think I speak for the Committee when I say that if a method offering some hope of cheaper distribution presents itself to the people of this country, that no group in the country has the right to prevent that method having a fair chance. We cannot tell until the thing is tried, and we have no right to refuse it a trial, and my own belief is that the problems of this country will be solved by the application of the principles of liberty, and not that of restriction.—A. I am not in favour of restriction, and I can assure you that if we can see that it will be to the benefit of all concerned that we should make any changes, we will do it, because we have done it in the past. We have not been dictated to nor influenced nor intimidated.

By Mr. Sales:

Q. The more of the goods you can sell, and the cheaper you can get them to the customer, the more you will sell; that would be my viewpoint, I think?—A. It is our point of view, too. The only thing is, you must not destroy even to a limited extent the distribution you now have.

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By the Chairman:

Q. It will not be destroyed except by some agency that shows that it can perform the functions better than it can itself; do you get my view?—A. Yes, sir, I get your view, and it is fair enough, but it has to be proved.

Q. It cannot be proved if the manufacturers refuse to allow it to be tried.

By Mr. McKay:

Q. In conclusion, Mr. Benson, you would not object to selling to anybody who could put up the price, if the trade made no objection to it; if you got paid for a reasonable quantity of goods and you did not anticipate any trouble from the retail trade or the wholesale trade, you would not object personally to selling goods if you were not going to get into any trouble with the retail trade?—A. Let me answer that by giving you one question; you say that we would not object if the wholesale trade did not object. From my point of view there is one thing to consider, there might be a certain group who got a certain backing, and they might come to you with the inducement of a large purchase which you might think it would be to your advantage to accept. We would sit down and think what effect that would have upon the retailers, to whom we have

to look to for our distribution, because if we put one or two in a position where they could put the others out of business, that would not be a fair thing, would it?

Q. I do not understand what you mean by saying that it would not be a fair thing.—A. If you go and put some retailers on your list and give them the privileges of the wholesaler, they could go and undersell all the retail trade, and the chances are that they would absorb a great portion of it for their own profit, that they would drop at first sufficient to break down a great number of retail firms, which I think from the chairman's own point of view should be maintained if possible, for the sake of their own communities.

By the Chairman:

Q. You say they should be maintained; should be allowed to maintain themselves, is the way I would put it.—A. If you pick out one or two people and put them in a position to compete in that way, you cannot allow them to maintain themselves.

Q. They have their main order houses. I would say this, without being a business man, that if a manufacturer was presented with orders even from retailers, with a fair chance that those orders could be renewed or would be renewed at reasonable intervals in the future, he should have no objection to selling to a person who offered those large orders. I would not think it fair to ask a manufacturer to sell a large order to say a retailer when he might not get another order for six months or three years, but where the retailer is able to order in large enough quantities and at times near enough to each other to assure the producer of a steady market for his wares, I do not see why the producer should insist upon the goods going through an unnecessary middleman. In other words I would take it that although you must have a fair degree of permanence in your customers, that if you have that degree of permanence, it seems to me that quantity should be the measure which should determine whether a man should be sold to by a producer or not.—A. Don't you think unfair buying becomes rather an abuse and is rather to the disadvantage of the wholesaler and retailer?

Q. My idea is that every tub should stand upon its own bottom, and that every retailer should stand on his own feet, and that he should not be maintained in his position by adventitious aid by manufacturers or wholesalers, when he cannot stand on his own feet in a business organization. That is the great objection to price fixing, where people fix the price the retailer has to sell for to the consumers. I had a list sent to me the other day from an authority I can depend upon, showing how in many cases the manufacturer sets the price for the retailer to sell at. That is not your case, but many manufacturers set the price for the retailers to sell at, which would be considerably above the price which the retailer could buy for from the wholesaler and sell at a fair profit. That tends to make of the retailer, not a merchant trading with his own intelligence and his own initiative, but makes him a mere distributing clerk and collector, who tells him what he should charge for the goods he sells to him, and insists upon him selling at his price. I suppose we could discuss this matter all night, but we propose to look over our report.

We are very much obliged to you, Mr. Benson; we have enjoyed listening to you, and we hope you have enjoyed listening to us. We have done as much talking as you have, and perhaps a little more.

WITNESS: As a matter of theoretical economics, I agree with your point of view, but what I fear is that if what you think is the right way to handle goods, we would have to look after our trade with travellers and other expensive mediums, which would result in our cost to the retailer being increased;

the lowest price we could possibly give would be higher than it is to-day, and to-day we have little or no profit.

By the Chairman:

Q. If that should happen, the wholesalers would determine it?

By Mr. Sales:

Q. They do not vary, do they, Mr. Benson; your corn starch is the same this year as last?—A. Yes.

Q. You do not require anybody to go around and show samples?—A. I understand. No, they are practically the same standard every year, as near as we can get them.

By the Chairman:

Q. To meet your possible objection to the change, that change could only come about slowly. It would only come, if it came at all, as gradually associations of retailers were able to prove that they got the goods to the retailer cheaper than the present wholesale system gives them. It might result, and I think probably would result, when the system followed by the Merchants Consolidated proved true, if it did, then we would see the wholesalers adopting it and remaining in business; we would see wholesalers performing a useful function in the economy of distribution. The retailers formed practically a wholesale house in this case, this concrete case we have under discussion, and I do not think the fear of the manufacturers of a sudden reversal and a sudden disturbance which would be brought about by a quick reversal of policy is well founded. These things can only come about slowly. If you have not known in your own experience you will have heard it, that travellers in Canada are more or less a new development in business, that fifty or sixty years ago when a merchant in and about Montreal wanted goods, he did not wait for a traveller to visit him, he went to the city and bought his supplies for the year, then went back to his own country village. If the system of sending out travellers is an uneconomic system, people who wish to do away with that uneconomic system should not have a chance to do so, and it seems to me not to be fair to prevent the trial of a system which we hope will do away with uneconomic distribution. If it deserves to succeed it will succeed, and if it does not deserve to succeed it will not succeed.

Mr. McKAY: A great many send their goods right to the markets; they have men in the big cities like Montreal, and they do not depend upon travellers.

The CHAIRMAN: Take Mr. Pedlow, my beau ideal of a successful merchant in a small town; he is waited on by travellers, but he will spend several days every month in Ottawa and in Montral, going from wholesale store to wholesale store to see where he can pick out the best goods and use his own judgment, his own trading experience, and his own business experience in getting the very best possible value for his money.

WITNESS: I know a large number who do that to-day; a large number in a small community run things on a small scale.

The CHAIRMAN: What I plead for as Chairman of this Committee is, a fair chance to let this system be tried.

Mr. SALES: Freedom.

WITNESS: We have never favoured any great restriction. We are looking for light by which to get the very best results for our concern.

APPENDIX No. 3

The CHAIRMAN: We hope the witness has brought us light without heat. We are very much obliged to you, Mr. Benson, for your attendance here. We appreciate the trouble you have gone to.

WITNESS: I am glad to have had an opportunity of coming here and of hearing what you have had to say.

The CHAIRMAN: We are now going to consider our report.

The Committee went into Executive Session to consider their fourth report, which was unanimously adopted.

The Committee adjourned to meet again at 10 o'clock a.m., Wednesday, April 25.

HOUSE OF COMMONS,
COMMITTEE ROOM 268,
WEDNESDAY, April 25, 1923.

The Special Committee appointed to inquire into Agricultural conditions throughout Canada met at 10 a.m., Mr. A. R. McMaster, the Chairman, presiding.

The CHAIRMAN: Gentleman, we will come to order.

Mr. RODERICK PERCY SPARKS, recalled.

By the Chairman:

Q. You have already been sworn?—A. Yes.

Q. You were kind enough to say that you would prepare a statement showing wherein you differed from Mr. Pedlow, and I understand from you that you have it here this morning?—A. Yes.

Q. Might I make this suggestion; that you place this statement before us to give us a chance to have it printed, and then come back at a later date and discuss any differences between Mr. Pedlow and yourself?—A. I would be very glad to do so.

Q. I think that would possibly save time?—A. I would, with your permission, be prepared to do so, and I would like to accompany my statement with the reading of one type-written page.

Q. Certainly?—A. It is type-written and it places concisely the way I arrived at my conclusion and the result of my conclusion.

By Hon. Mr. Tolmie:

Q. Before the witness proceeds, you prefer to deliver the whole of this without being questioned?—A. I would prefer to read it and put the statement in the hands of the Committee, then I am through. (Reads):

> "A memorandum which has been prepared by the Chairman of this Committee was presented to the Committee by Mr. I. E. Pedlow of Renfrew—

By the Chairman:

Q. You say it was prepared by me. It was a joint effort. I admit I worked a great deal at it?—A. I gathered from your remarks that you had. I

may be mistaken in my impression. I will change that in the records, if you wish. If the reporter is agreeable, I will say that this is a memorandum presented to the Committee by Mr. I. E. Pedlow of Renfrew.

The CHAIRMAN: This will be exhibit No. 84.

The WITNESS: Attached to that I have a rather complicated memorandum which I suppose I do not need to read.

The CHAIRMAN: I do not think we could carry it in our heads. We will put it in and it will form a part of our records and it will be printed. We will carefully examine it and I might say that your suggestion that economists should carefully examine into whether you were right or whether Mr. Pedlow was right, is a suggestion which I believe we will follow. It is a very fair suggestion and we thank you for the kind way in which you have dealt with this matter. We appreciate your efforts to find the truth. We will endeavour to find what are the real facts. That is the primary object of this Committee.

The WITNESS: I am very glad you have accepted that suggestion. I assume if this Committee would call experts that you would go over both statements with the experts. Might I have the privilege of presenting my views to the experts?

The CHAIRMAN: Yes.

The WITNESS: I would suggest a chartered accountant.

The CHAIRMAN: We will see to that. I might say this: I placed Mr. Pedlow's answers before two very competent men in the Bureau of Statistics, and both agree that Mr. Pedlow was right.

The WITNESS: I might say in that regard that I have placed my statement before five experts, one a political economist, one a statistician, one a tariff expert and two experienced business men, and they all agreed I was right.

The CHAIRMAN: I understand that you came to the same conclusion as Mr. Pedlow did, as to what the consumer would have to pay.

The WITNESS: For the total value of the goods, yes, but not in respect to the tariff or the sales tax. (Reads):—

EXHIBIT No. 84

"A memorandum was presented to the Committee by Mr. I. E. Pedlow of Renfrew. This memorandum purported to show that in the operation of the tariff on a bill of goods to the value of $100 purchased in the United States on which the duty was 35 per cent, by a wholesaler who in turn sold these goods at what was called an ordinary trading profit of 25 per cent to a manufacturer who made the goods up into garments and sold them to a retailer at an ordinary trading profit of 33⅓ per cent, the retailer selling them to the consumer at an ordinary trading profit of 33⅓ per cent, the conclusions reached in respect to the tariff were that whereas the Treasury had only received $35, the consumer had paid $77.77 or $42.77 to collect $35.

"The memorandum herewith attached deals with the same transactions, the same ordinary trading profit is shown, the only change being that this trading profit has been divided into two proper parts and shows separately the amount of the gross profit which should be applied as an overhead charge and the amount of net profit which each of the dealers receives. A conclusion reached is that on the same transactions as outlined in the memorandum submitted by Mr. Pedlow in respect to the tariff, the Treasury received $35 and the consumer paid $38.48.

"The fundamental error made in the memorandum presented by Mr. Pedlow was that the ordinary trading profit or gross profit was treated as a net

profit and no allowance was made for the fact that by far the greater part of what was called an ordinary trading profit went to provide for what was actually a cost and not a profit. It has been repeatedly stated in Parliament and in the press of Canada that one of the chief weaknesses of the tariff as a means of taxation is that the original amount paid to the Treasurer is pyramided and an amount very much greater is collected from the ultimate consumer. So far as I am aware, this is the first time that the falsity of this argument has been exposed. The only increase which the consumer pays over and above what the Treasury receives is a small amount representing interest on the investment of various traders through whose hands the goods have passed. Unless there is a profit in the transaction there is no increase paid by the consumer over and above what the Treasury receives and in the event of a loss resulting from the transaction the Treasury actually receives more than the consumer pays. When this statement is considered in connection with a statement which I made before this Committee to the effect that during the past two years the clothing supplied to the people of Canada had been sold at a price which on the whole was less than the cost of production, it will be seen that if this latter statement is true, and I am satisfied it is true, what actually has happened in so far as clothing which is next to food and the great necessity of life is concerned, the consumer has paid actually less than the treasury has received and that the manufacturers of clothing have contributed the balance out of their capital. Therefore the operation of the tariff has actually lightened the burden of taxation on the consumer and increased the burden on the manufacturer.

"In the memorandum presented by Mr. Pedlow the sales tax was treated in the same way as the tariff and the same incorrect conclusions reached. In this memorandum I have not attempted to expose the incorrectness of this principle as it affects the sales tax for the reason that it would have added greatly to the length of the memorandum. If I have established a principle in regard to the tariff, the same principle applies in regard to the sales tax.

"As there appeared to be some difference of opinion amongst members of the Committee without any division being reached to show how many accepted and how many rejected my reasoning as against that of Mr. Pedlow, I would suggest that the attached memorandum be carefully examined by your Committee or preferably by an independent authority or authorities, preferably a recognized economist of outstanding reputation, to either establish or definitely refute the allegation that the consumer must pay $77.77 to give the Treasury through the tariff $35. The tariff as a means of raising revenue, has so long been an important factor in our fiscal policy and the difficulty of securing sufficient revenue to meet our increasing demands never having been as great as at present, it is unfortunate if the public should be mislead into condemning a tried method by reason of mis-statements spread broadcast over the country through the instrumentality of the Committee over which you preside.

"Statement prepared by R. P. Sparks showing that a memorandum submitted to the Committee of Parliament inquiring into the Conditions in Agriculture which purported to show the manner in which the Tariff and Sales Tax were pyramided was incorrect in its premises and false in its conclusions.

"A wholesaler in Montreal imports from United States a bill of goods to the value of $100.00 on which the duty is 35 per cent. He sells to a manufacturer at an advance or trading profit of 25 per cent, which manufacturer makes it up into garments and disregarding labour re-sells the goods in manufactured form at a profit of 33⅓ per cent to the retailer who re-sells at a further trading profit of 33⅓ per cent to the consumer.

"The goods when imported cost the wholesalers $140.06 made up as follows (disregarding freight, packing, duty, re-packing, etc.)

Invoice price of goods	$100 00
Duty	35 00
Sales Tax 3¾ per cent on invoice price plus duty	5 06
	$140 06

" When the wholesaler sells to the manufacturer he adds 25 per cent on the laid down cost which makes the selling price to the manufacturer $140.06 plus $35.01 or $175.07, to which the wholesaler has to add by law to his invoice Sales Tax of 2½ per cent or $3.93 making the cost to the manufacturer $179.00.

NOTE.—The wholesaler wants to make sufficient profit to pay 12 per cent on his invested capital and as he can turn over his stock about four times a year he figures that 3 per cent on the laid down cost will achieve this result and the remaining 22 per cent will be overhead charges.

" The $179.00 is made up as follows.

Invoice cost of goods	$100 00
Duty	35 00
Sales Tax	5 06
Wholesalers overhead 22 per cent of $100 goods	22 00
Wholesalers overhead 22 per cent of $35 duty	7 70
Wholesalers overhead 22 per cent of $5.06 Sales Tax	1 11
Wholesalers profit, 3 per cent of $100 goods	3 00
Wholesalers profit, 3 per cent of $35 duty	1 05
Wholesalers profit, 3 per cent of $5.06 Sales Tax	15
Sales Tax, Manufacturer to Wholesaler	3 93
	$179 00

" The cost price to the manufacturer is, therefore, $179.00. To this the manufacturer adds a profit of 33⅓ per cent, 30 per cent of which is to provide for his overhead charges and 3⅓ per cent to provide a profit for himself. He also charges his Sales Tax of 4½ per cent on $238.56 or $10.74, making the cost to the retailer $249.40. The $249.40 is made up as follows:—

Goods, $100 plus overhead $22, plus profit $3	$125 00
Duty	35 00
Overhead on duty	7 70
First profit on duty	1 05
Manufacturers overhead 30 per cent of $125 goods	37 50
Manufacturers overhead 30 per cent of $35 duty	10 50
Manufacturers overhead, 30 per cent of $7.70 overhead	2 31
Manufacturers overhead, 30 per cent of $1.05 profit on duty	31
Manufacturers profit, 3⅓ per cent of $125 goods	4 16
Manufacturers profit 3⅓ per cent of $35 duty	1 16
Manufacturers profit 3⅓ per cent of $7.70 overhead	26
Manufacturers profit, 3⅓ per cent of $1.05 first profit on duty	04
First sales tax, $5.06 plus $1.11 plus 15 cents plus 33⅓ per cent	8 43
Second sales tax $3.93 plus 33⅓ per cent	5 24
Third sales tax	10 74
	$249 40

" On the resale of these goods to the consumer the retailer adds his trading profit of 33⅓ per cent. He adds, therefore, to the cost to him $249.40, 33⅓ per

cent of this or $83.19, 30 per cent of which is overhead and 3⅓ per cent of which is profit, making the cost to the consumer $332.55 which we may dissect as follows:—

Goods $125 plus overhead $37.50 plus profit $4.16	$166 66
Duty	35 00
First profit on duty	1 05
Second profit on duty	1 16
Profit on first profit on duty	04
First overhead on duty $7.70 plus overhead on second $2.31 plus profit	10 27
Second overhead on duty	10 50
Overhead on profit on duty 30 per cent of $1.05	31
First sales tax, $8.43; second, $5.24; third, $10.74	24 41
Retailers overhead, 30 per cent of $166.66 goods	49 99
Retailers overhead, 30 per cent of $35 duty	10 50
Retailers overhead, 30 per cent of accumulated profits on duty, $2.25	67
Retailers overhead, 30 per cent of accumulated overhead on duty $10.27, $10.50, 31 cents	6 32
Retailers overhead on 30 per cent of accumulated sales taxes $24.41	7 32
Retailers profit 3⅓ per cent of $166.66 goods	5 55
Retailers profit 3⅓ per cent of $35 duty	1 16
Retailers profit 3⅓ per cent of accumulated profits on duty, $2.25	07
Retailers profit 3⅓ per cent of accumulated overhead on duty, $21.08	75
Retailers profit 3⅓ per cent of accumulated sales taxes, $24.41	82
	$332 55

In respect to duty the treasury received		$35 00
The consumer paid duty	$35 00	
Wholesaler's profit on duty	1 05	
Manufacturer's profit on wholesaler's profit on duty	04	
Manufacturer's profit on duty	1 16	
Retailer's profit on duty	1 16	
Retailer's profit on accumulated profits on duty	07	
	$38.48	$35 00

The treasury received	$35 00
The consumer paid	38 48

The CHAIRMAN: Now, gentlemen, I am going to call upon Mr. Robert J. Deachman, of Calgary, Alberta, who has come some distance in order to enlighten us on some matters.

ROBERT J. DEACHMAN, called and sworn.

By the Chairman:

Q. Now, Mr. Deachman, you come from Calgary, I understand?—A. Yes.

Q. And you were engaged for some years in the newspaper business?—A. Yes.

Q. You were proprietor, and I think editor, of what paper?—A. The *Commercial Review.*

Q. And your business kept you in close touch with business conditions, including the farming business conditions, in Alberta?—A. Yes, and throughout Western Canada.

Q. And how long have you been in Western Canada?—A. Eighteen years this summer.

Q. And before that, where did you live?—A. In Ontario, in Huron County, prior to the time I went West, and I graduated from the Agricultural College at Guelph.

Q. Now, I would make the suggestion, that you understand that the orders of this Committee are to inquire into agricultural conditions, to find out whether the conditions are fair, and if they are not fair, why these conditions are unfavourable, and to make suggestions of a remedial nature. I would like you to address yourself to the subject along these lines, if it is convenient for you to do so. However, I do not want to hamper you in your treatment of the subject.—A. Mr. Chairman and gentlemen, I left the province of Alberta a week ago to-morrow. It is a rather interesting fact to note that I left that country in a warmth of sunshine of 80 to 85 degrees, crossed Alberta and Saskatchewan while the seeding was on, and arrived in the province of Manitoba, and at Portage la Prairie they were busy with a flood.

I crossed the province of Northern Ontario, and I want to suggest this, although it is a slight digression, that when I came across that country, I saw that it had been wrecked by fires during the last few years. The loss there is tremendous and it is certainly a matter that should receive the attention of the Parliament of Canada, as well as the province of Ontario, and I then came on to Ottawa, and find that climatic conditions are not any further ahead than they are in the province of Alberta, and perhaps are a little behind. I was told that I would arrive in apple-blossom time, but I think that the calendar must have been a few weeks behind.

I have been reading about the remarks which have been made in this House before the Committee of Agriculture upon conditions as they exist in the West. I can assure you that I approach this subject with a certain amount of fear and trembling. Every man who has said anything against the conditions as they exist has been fired from his job. There is an old expression, "Know the truth, and the truth will make you free." But it seems to be now the policy to "Hide the facts and you will live easier." We must face the facts. I have been many years in Western Canada and very closely in touch with conditions during that time. I am not exaggerating when I say that conditions are worse in Western Canada now than they ever been, than they have been at any time during the eighteen years that I have been there.

Since 1914 the prices of all commodities have gone up. The price of the products which the farmer has to sell are slightly increased, but nothing like in proportion to the price of the products which he has to buy. I have seen all kinds of statements. One large financial corporation, the Royal Securities Company, issued a statement not long ago in which they said the price of agricultural products had gone up a fraction of over 10 per cent, and the price of the products which he had to buy had gone up 112 per cent. I would hardly like to make that statement.

By the Chairman:

Q. What period does that statement cover?—A. 1914 and 1922. I would hardly like to take that as accurate, but I might submit this, that if you take the most conservative estimate—the most conservative statement that I have seen was 40 per cent. If you were a manufacturer, and the sale price of your products had gone down an amount which would represent 50 per cent and your cost of production had gone up a little bit, and you sold for no higher price, what would you do? If the cost of the farmer's products had gone up about 50 per cent, and the sale price had not gone up, would you be happy?

Perhaps there are some lawyers here. Supposing you found as a lawyer that the number of your clients had been cut in two and yet your cost of doing busines had been the same, I think you would not worry about the volume of your income tax.

These are the conditions which we have had to face in the West, and the result has been that there is considerable suffering. There is a tendency on the part of the population to move away. There is discouragement as far as the conditions of the farmer is concerned—discouragement on every hand.

Two or three weeks ago, I was in a certain town in southern Alberta, whose name I will not mention. It is hardly fair to these towns to mention their names. It was not in what we call the "dry belt." I was in the same town eighteen years ago. It is as beautiful a territory as lies out of doors.

By Mr. Robinson:

Q. What is the name of the town?—A. I do not care to name it. The people are moving away from this locality. I asked a gentleman how many farmers have drifted away. He answered me, "We have lost about twenty families within the past year." When you take as fine a territory as you could find in the Province of Ontario, when you consider that twenty families have drifted away, it is something to think about.

By Mr. Caldwell:

Q. Did these families leave the town or the district?—A. They left the district. They were farmers.

By Mr. Robinson:

Q. Where did they go?—A. All over. I know of cases where they returned to Iceland, some to Belgium; many went to California, and two of my best friends are now in England.

By Hon. Mr. Sinclair:

Q. Were they people who were in difficulties?—A. They were largely in difficulties. They get into difficulties from the fact that agriculture is not paying in certain sections of the West. It is impossible under these conditions that they can overcome the burden.

By Mr. Robinson:

Q. You say "certain sections"?—A. I think that it would be impossible to say broadly that the whole country was in that position.

Q. What percentage would you say is in that condition?—A. I could not say definitely. It varies largely with the ability of the people to meet adverse conditions. Let me add this. It is perhaps a little exaggeration, but there are certain men that you could not put down under the most adverse conditions; they will make good. Genius will point a way out. I am going to give you one or two illustrations.

By Hon. Mr. Tolmie:

Q. How many years have they been on the land? And is their leaving the land due to hardships, or prohibition, or what?—A. No, but I can prove they did not leave on account of prohibition, because so far as I know none of them went to British Columbia.

By Mr. Hammell:

Q. Speaking about the ability of these settlers who left the country, are you taking it for granted that they were men of normal ability, or were they

men of less than normal ability who did not make a success on that account?—A. It is pretty hard, Mr. Chairman, to measure ability in that way; but as the pressure of economic conditions becomes severe you reach the breaking strain sooner in people who have a lower survival value, if I may put it that way; just the same as if you pitched them into the water some men with greater strength will survive for a greater length of time.

Q. But were the men altogether out of their element on the land?—A. A great many of the people who have been beaten out in Western Canada are old and tried settlers; they are not fly-by-nights; they are old, tried settlers.

Q. That is what we want to know?—A. I want to quote you one or two things that have come into the banks in Calgary from their district managers. I do not want to stress this part of it too much, but at the same time the facts are there, and if you have got an outbreak of typhoid like they had up here in Cochrane it does not improve the conditions to clap on a censorship and say, "all is well, all is well" and the thing will get better. That is not science, it is neither christian nor scientific.

By Mr. Robinson:

Q. The farmers that have left the West, have they gone to the United States or any other part of the world to continue farming?—A. It is pretty hard to follow what they do. In a great many cases these men will drift into other lines, because they have tried it out and they have lost their capital.

Q. Supposing these friends of yours who have found farming in the west very severe, unprofitable, supposing you were to give them, as an individual, direction as to what part of the world to go, what part of the world would you direct them to go and take up farming again?—A. That would presuppose that I had a knowledge of all the varying conditions of agriculture in all the countries of the world, which is too big a task for me.

Q. Take the one near home, our near neighbour the United States, would you advise them to go there?—A. It would depend very much upon circumstances; there are certain conditions in the United States much more advantageous than Canadian conditions, and there are certain conditions that are adverse.

By Mr. Hammell:

Q. Farming conditions in the United States?—A. Certain conditions in agriculture are better than they are in Canada.

By Mr. Robinson:

Q. What will be those conditions?—A. I think I can touch them later on; there are varying conditions. I am going to give you one or two instances that have come to the banks, and in this case I have not selected one bank, but different banks. Here is the story that comes from a town not very far from Calgary:

"Beef cattle marketed early because feed exhausted; prices low; no profit even without counting labour; farmers discouraged."

That is just a general note sent in from a local branch manager. Here is another place: "Cows selling at $20; horses, no market; eggs 14 cents; feeding seed grain to cattle; do not know how we are to secure seed."

Here is one from the Peace River; this was sent in to a bank in Calgary: "Farmers in desperate circumstances; shortage of feed and seed and no means of obtaining any; live stock dying in large numbers all over the country; settlers giving up in despair, and many abandoning their places. Six families left last week." That is further corroboration of my ten.

APPENDIX No. 3

By Hon. Mr. Sinclair:

Q. Who signed those? Are they responsible people? I don't wish the names?—A. They were sent in by the managers of local banks at these different points throughout Western Canada, throughout the Province of Alberta, and the same conditions exist in other parts of Western Canada.

By Hon Mr. Tolmie:

Q. Where was it the horses were of no value?—A. It was in the northern part of Alberta.

Q. Away up north?—A. Yes. Of course certain fine classes of horses are still bringing a fair price in the west.

Q. A great deal depends on what kind of horses they are, whether they were cayuse or heavy 1,400 pound horses?—A. If they had good heavy horses, 1,400 pound horses ready for work, they would bring a fair price. Although I have stressed to a certain extent the pessimistic side, I bring no note of real pessimism from Western Canada despite that. I came out of Saskatchewan the other night on the National train—being a good Canadian I patronize the National roads—and I just watched the country through which I passed as it unrolled before that train. Now, that is somewhere near the centre of the western prairies; for hundreds of miles on every side that country stretches, it is the most magnificent land that lies out of doors. You have had Howard Stutchbury down here telling you about the coal resources of Alberta; you wont believe him, he could not tell you in a way that you would believe it, but there are so many tons of coal out there that we will be supplying you in the Province of Ontario with coal for thousands of years, and if you do not take it from us you will probably freeze. There are magnificient resources on every hand there is wealth there beyond description; now, merely because there are temporary artificially created disadvantageous economic conditions, that does not mean that the West is paralyzed. That country will survive. The people are there to make it go beyond question; you may break their backs temporarily by adverse conditions, but you cannot break their hearts, the west will survive.

Now, I have touched some of the discouraging side of it, I give one little vision of the bright side of it but I want to turn to what I think are the causes of this condition and see if we cannot approach it from a constructive way in an attempt to arrive at a solution of the problem of agriculture in Western Canada. In regard to certain of these conditions I do not think any parliament can be of much avail. We have a broken down market in Europe. You may legislate here till Doomsday and you cannot fix that very much. We have upset economic conditions throughout the world, and time perhaps alone will change those; but I have been asked specifically to give you evidence as to why the costs of the product which the farmer has to buy are so high, and I want to give you what I think are the actual conditions. Remember that as yet the country is sparsely settled, that is relatively sparsely settled, we have not begun to produce in Western Canada what we will in a few years; that sparseness of settlement means increased cost in handling goods. Even in our cities we are spread out too much; the cost of operating a city in Western Canada is more than the cost of operating cities here, because cities like Calgary are spread out and occupy enough ground to take in Montreal and throw in Ottawa along with it.

By Mr. Hammell:

Q. Because they do everything on a big scale there?—A. We do everything on a big scale. There is the question of railway rates. Remember, geographically we are farther from the markets than you are; we are too far from the

ocean; our railway rates are extremely high; but there is one thing certain we have to have a western door, we have to go out through the province of my friend Mr. Tolmie—he won't object to that—we have got to get an exit by that door, and that country has got to become our market, and to a certain extent we have to become their market to a larger extent than we are to-day. The thing that keeps us from that is high freight rates. That is a problem which must be faced and for which some sort of a settlement must be reached. Then we have an inheritance, I don't know where it comes from, but we have it out west, we want to restrict every man doing business, and we want to impose taxes in the most impossible way. We are sinners in that regard; you are not to blame for it. Do you know we charge $400 for a lawyer to come from the province of Quebec if he wants to practice for a day in the province of Alberta; we only charge $500 for admitting a Chinaman into Canada, and we charge $400 for admitting a lawyer into Alberta. There are licenses imposed on pretty nearly everything you want to do, because people cannot just get rid of the idea that you get rich by restriction and by forcing trade into certain lines, but we have got to realize that in these things a little bit of laisser faire is a help against so much of abominable restriction. Now, I come to what I want to emphasize as the main cause of the high cost of the products which the farmer has to buy. The main cause is the protective tariff, and I want to proceed to prove that I am right in that connection, and to prove it by proof that would be accepted in the Supreme Court of Canada—that is as far as I want to go; I am not going to take it to the Privy Council. I want to quote you a definition of protection, and I am going to quote A. J. Balfour. I am going to quote Mr. Balfour because you will accept his word a great deal better than you will accept mine, and because he is one of the most distinguished Englishmen, with a capacity to state things clearly and succinctly, and for that reason he has been employed on many important matters for the English Government. He says:

"A protective policy is a policy which aims at supporting or creating home industries by raising home prices. The raising of prices is a necessary step towards the encouragement of an industry under a protective system. The object of protection is to encourage home industries; the means whereby it attains that object is by the manipulation of a fiscal system to raise home prices. If the home prices are not raised the industry is not encouraged; if the industry is encouraged it is by the raising of prices." Is not that a beautiful description of protection? Absolutely ideal from my point of view, and it comes from the lips of Mr. Balfour, a man who is capable of stating things very clearly and putting them before the people very forcibly. Now, I am going to give you an illustration of how this works out, and in this connection I am going to take—you will say perhaps it is not an illustration that is agricultural, but it is—I am going to take the celebrated case of the Ford Motor Co. My reason for taking the Ford car is that with certain variations—and in my calculation allowance has been made for these variations—it is the same product in the United States as it is in Canada. If I were to bring here a piece of cloth and say that piece of cloth costs less in the United States than it does in Canada, I could have forty different opinions, if there were forty men here and all experts, as to the value of that cloth. If I brought two tin lizzies at the door of Parliament you would say they were both tin lizzies and they were the same, and that Ford had made them. I do not want to make a charge against the Ford Company, I want to praise Ford; he has developed a new thought in industry, which if it were applied to Canadian manufacture would place it on an entirely different plane. He says, "We will lower the price of our product so as to increase the sales, and with an increased demand we will make more

money." It seems to me I heard some place in Canada not long ago that there was a talk of a combine bill to prevent people from raising the prices. Ford does not need that, apparently. I want to use the Ford illustration too, because that company gave evidence before the Tariff Commission in 1920; I gave evidence before the same Commission in the City of Calgary. I gave evidence before the Ford Company. In an attempt to refute my evidence they presented their statement. I am not going to quote my statement; I am going to quote you the evidence from Ford; so what I am giving you is the evidence of the Canadian Ford Company as to the fact that Ford cars cost more in Canada than they do in the United States, and I want to apply the principle that Ford has applied there, the principle of taking what the tariff gives him, I want to apply that to the rest of the manufacturing industries of Canada and work it out and see just simply and plainly what the tariff is costing us, and what it is costing the people and the farmers of Canada. This is a copy of the evidence submitted by the Ford Co. I have here a table which I can leave with you as to the difference in prices. According to the evidence which they submit, they made so many cars in a year, and sold at a higher price in Canada than they did in the United States. They give here the actual difference, and I have worked out the figures which I will now give you. I am taking the years 1915, 1916, 1917, 1918—you may say they are an old story, but I understand there is a possibility you may have the Ford Company here, and you will find exactly what they are doing in 1922 and 1923, and if you have any doubt and are unable to get that evidence, I will be very pleased to give it to you. The cars cost in 1915, after making every allowance—I am quoting the figures by the Ford Canadian Company—$88 more than the American price. In 1916, $78; in 1917, $123; the war was on then and we had to have a little more profit. 1918, $133. The number of cars made for the Canadian local domestic trade—I am not including the export trade in this, was 17,024 in 1915; 15,497 in 1916; 43,073 in 1917; 38,948 in 1918. Now, I multiply those two together, it is a very simple process of arithmetic, and I find that the excess price paid by the Canadian people for Ford cars purchased in those four years, 113,542 cars, the excess price is $13,394,941—it is a wonder they have not a few cents at the end of that. Now, there is the price that we paid for protection, that the Canadian people paid for protection in one little simple article.

By Mr. Robinson:

Q. Do you argue that Ford took advantage of protection on the Canadian side?—A. The Ford Company has a factory in Detroit and one at Ford, Ont.

Q. You state then that this philanthropic company in the United States came across here and under the protecting aegis of our tariff took more for their cars here than in the United States?—A. Absolutely.

By Mr. Caldwell:

Q. This is their own evidence, is it not?—A. The figures I have used here are from the statement given by the Ford Company in their evidence before the Tariff Commission, and I submit their statement to the Commission here, and the figures can easily be verified.

By Hon. Mr. Tolmie:

Q. Have you any figures regarding the pay-roll in Canada for these years?—A. I am just coming to that.

By the Chairman:

Q. Where you say the difference in cost, is the difference in cost to the consumer?—A. That is the difference in cost to the consumer.

Q. The difference in price?—A. Yes, price rather than cost.

By Mr. McKay:

Q. What years?—A. 1915, 1916, 1917, 1918.

Q. What are the figures given?—A. The number of cars?

Q. No, the difference in price?—A. $88 in 1915, $78 in 1916, $123 in 1917, $133 in 1918.

By Mr. Robinson:

Q. Is there protection in the United States on automobiles?—A. I think probably there is.

The CHAIRMAN: Yes, there is, but it makes no difference, because the cost of a small car in the United States is lower than anywhere else in the world. They have the cost of production of low grade cars in the United States lower than anywhere else in the world. They might have a tariff of 1,000 per cent on automobiles, and I do not think it would affect the price, just the same as you might have a tariff of $5 a bushel on wheat coming into Canada, and I do not think it would affect the price.

Hon. Mr. TOLMIE: But why are they built so much cheaper, on account of the huge output?

The CHAIRMAN: Yes, I think so, massed production.

By Mr. Stansell:

Q. Supposing we could get the same volume of production in Canada despite the tariff, would the selling price of cars then be low, like it is on the American side?—A. It is very difficult to say, it would depend on the circumstances, depend on the limitations of your market. The larger your free trade area is, the greater will be the competition. If the North American continent were one large free trade area, the tariff would be relatively harmless. If we had all the new world in one free trade area, and a protetion against other worlds, the tariff would be a matter of indifference to me.

The question has been asked in regard to wages. During that time the excess price paid amounted to over $13,000,000; the total wages paid by the Ford Company in Canada during those four years was $11,960,807, or the excess price paid was $1,434,134 more than the total wages paid. I am going to deal further with that.

By Mr. Sales:

Q. Would you read those figures again, please, more slowly?—A. $11,960,807.

By Mr. Caldwell:

Q. Have you any record of the rate of wages in Canada and the United States for this same company?—A. I do not know with regard to that positively, but I think they are paying approximately the same.

By Hon. Mr. Tolmie:

Q. What amount of Canadian material did they put in in that time?—A. They give the figures in their report, I can look it up, but I want to deal a little further with the wages. In the figures I have given, the wages are for all cars produced by the Ford Motor Company of Canada in their factory in Canada. A large number of these were exported. I figured out what the wages amounted to on the cars made in Canada, and I found that the total wages paid on the cars made for domestic consumption was $9,083,360. You follow me. Therefore, the price that we paid for cars, the excess price which we paid to the Ford Motor Company for cars—

By Mr. Caldwell:

Q. On account of the tariff?—A. On account of the tariff, was $4,311,581 more than the entire wages put into the cars that were used for domestic consumption. That is a pretty high price we are paying for our protection.

By Mr. Stansell:

Q. Have you any comparative figures showing the cost of producing a car in Canada, and the cost of producing the same car in the United States?—A. No, and I do not want you to take this as a smart remark at all, but do you know that I am not interested. I will tell you why. From my standpoint, I am trying to get at the burden which this thing is to the people of Canada. I am in the position of a man who wants a certain amount of cars. To me, the cheapest way of getting these cars is to develop that western country, get off its back, and for God's sake let us produce and ship this stuff out and buy these things which we cannot produce, without placing such a burden on ourselves. I want to rid Canada of the burden. It may be that that factory will close; I am going to face the issue broadly, fairly, and firmly, and it may be that the factory will close. Very well, I look at it with precisely the same attitude as would a manager of a departmental store, who was running a tobacco stand on the corner, and the manager comes and says, "That business lost us $10,000 last year." I say, "That is a lot of money; close up, we will let it go." The man says, "I have a salary coming from that," and I say, "I cannot help it, go to some other business." We must be free of the loss in carrying on what is essentially a non-productive business, from a Canadian standpoint.

By Mr. Caldwell:

Q. Have you any figures on the amount being paid on the material that might be brought in, to be put on these Ford cars?—A. Yes. Mr. Ford says that he has to pay taxes, so I figured up the taxes he paid in these years. Now, I do not deny that assertion, because a good many of us pay taxes. They paid, during that period, taxes amounting to $2,284,145, leaving still $2,027,436, which paid nearly half of the duty which they paid on imported raw materials. That is, in order to get that factory in Canada, we gave them a bonus which covers their wages, then we paid their taxes, and then we said, "Here, you are importing raw materials, oh well, we will pay half the duty on them." How generous they did not ask us for anything else. That is the position, as far as the Ford Motor Company is concerned.

What is their defence? I read their defence with a great deal of interest. In the first place, remember that when that company, was capitalized, 49 per cent of the stock, I think, was Canadian, and 51 per cent was given to the American company in payment for rights secured by the Canadian company. These men were organizing a company for the development of Canadian trade, and the stock was controlled by the American company, and what do you think they gave as their reason? They wanted to develop a large Canadian institution, they said this is in their own evidence—they wanted to develop a large Canadian institution and to conserve for Canada a large volume of the trade in Ford motor cars which heretofore had gone to the United States. 51 per cent of the Americans sat down at a conference table and said, "We will build up a Canadian industry to take business away from the United States". Further, they said that their excuse for charging this high price was that Ford is a genius and deserves to be rewarded. Well, genius in Canada has often gone unrewarded, and we give him his patents and every right, and I do not think he should secure any other. Finally, they say this, and this is the beauty of the whole thing. They point out that they did not charge the total amount for these cars that they could

charge under the tariff. That is to say, they had a tariff during that time of 42½ per cent, and they show a table at the bottom which is headed "The Percentage of Duty per Car Saved to the Canadian Customer". Do you see the point? Well, now, if there was a certain percentage saved by the fact that they did not take advantage of it, there was a certain percentage lost to the Canadian consumer by the fact that we gave them an opportunity of taking advantage of the amount which they took advantage of. According to their argument, on the average they took advantage of something like 56 per cent or 54 per cent of the amount of protection which they received.

I would like to suggest to the Minister of Finance that if he is giving so much tariff protection to this country that the people do not know what to do with it and that they throw it away, it might not be a bad idea to cut it down, and not throw away so much.

There is another suggestion I would like to make; when they said they had a chance to take 100 per cent but that they only took 54 per cent or 56 per cent, I recall that Warren Hastings, when he was impeached before the British House of Commons for high crimes and misdemeanours in India said "When I think of the opportunities which I had, my God I am astonished at my own moderation." That is the answer which the Ford Company gives in regard to it. I want to follow that a little bit farther. You will see that they took considerably more than the entire amount of their wages—this is a very important part, and I want you to watch me while I wheel this battalion of figures into line—they took more than the total amount of their wages in a protected industry, in excess prices; they took about 50 per cent more than the total volume of their wages in a protected industry; they took that in excess prices. According to the figures of the industrial census of Canada for the year 1919, the total volume of manufactured goods produced in Canada was $3,500,000,000—I am not going to worry you with the odd figures; the total wages paid amounted to approximately $689,000,000. I want to ask you this question; if the Ford Company took in excess prices an amount which was fifty per cent more than the wages in the product which they produced for consumption in Canada, would not the other manufacturers in the Dominion of Canada take the same amount in excess prices? Ford boasts of his moderation; I think I can show that other manufacturers have not been so moderate. If the analogy is true, it would leave this impressinn upon the mind of the casual observer and the economic student, that the total cost of all protection to the Dominion of Canada was at least the amount of the wages paid, $689,000,000, in excess prices. I say that that is a fair inference. I am not trying to drive the conclusion home too far, but I would say that it took more than that, and that it cost the people of Canada a great deal more than that sum of money.

If there are any questions you would like to ask, I will be glad to answer them, and if you have an opportunity to make an inquiry of the Ford Company, you can easily find out what they are charging to-day for Ford cars, as well as the number they are producing. It is most interesting, to take one item under this system, drive home the facts, and see what this iniquity costs the people of Canada. I am grateful to the last Government for appointing a Tariff Commission, so that we might have these things on the official record. I have a statement from the late Mr. Thomas Findley in regard to agricultural implements, and I want to touch upon it very briefly.

By Mr. Sinclair:

Q. What Tariff Commission was that?—A. It was the Tariff Commission presided over by Sir Henry Drayton, appointed in 1920. That Commission crossed the Dominion of Canada and took evidence at various points. Mr.

Findley, the late president of the Massey-Harris Company, presented a very able paper before that Commission in regard to the tariff upon agricultural implements. It was perhaps as fine a brief as was ever presented for protection; it was not so much a defence as a very able apology. At that time he stated—and you can see it in the evidence—practically that if the Canadian manufacturers of agricultural implements took full advantage of their protective tariff, the cost to the farmers of Canada of the tariff on agricultural implements would have been less than one cent per bushel on all the grain they produced. I have shown you in one item at least that the Ford Company did not take the full advantage, that they only took 56 per cent. Let us suppose the implement people of Canada did the same thing, it would have been one-half cent per bushel on all the grain produced in Canada. I am allowing a reduction of fifty per cent for cash in this case. There was $3,500,000,000 worth of manufactured products produced in Canada in 1919; there was approximately $37,000,000 worth of agricultural machinery produced; their production of agricultural machinery represented almost one per cent of the total production of manufactured goods in the Dominion. Now the same amount of protection would be given to every manufacturer, and you would have to do that or your corridors would be cluttered up with manufacturers seeking the same advantage, so that if they all took as much as Findley stated they could take, there would be $1.00 per bushel. But I have discounted that by 50 per cent, so that it would mean 50 cents for every bushel of grain produced in Canada. I do not want to stress that argument, because I do not think the burden was so great as that. I only say this to show how much money it amounts to, when he says it amounted to one-half cent per bushel. He forgot that there were hundreds and thousands of others who had to get their share at the same time.

The CHAIRMAN: This Committee stands adjourned until four o'clock this afternoon.

(The Committee adjourned until 4 p.m..)

Afternoon Session

HOUSE OF COMMONS,
COMMITTEE ROOM 268,
WEDNESDAY, April 25, 1923.

The CHAIRMAN: The Committee will please come to order. Before I ask Mr. Deachman to continue his evidence, I would like to bring before the Committee some facts in regard to express rates on maple sugar and syrup which have been brought to my attention by a farmer in the country of Brome. The county of Brome produces a good deal of maple sugar and syrup, and he writes in that in 1914 the rates from Brome station, which is about in the centre of the county, to Montreal, was 50 cents per hundred pounds. In 1922 the rates had gone up to 90 cents per hundred pounds—these are express rates—and in 1923 they have gone up to $1.35 per hundred pounds. The rate from Brome to Toronto by express in the year 1922 was $2.25 per hundred pounds, and in 1923 it had gone up to $3.25 per hundred pounds, so that this year farmers in Brome who are shipping syrup and sugar to Toronto will have to pay $1 more per

hundred pounds than they did last year. It seems to me to be something that is of interest, as the maple sugar season is now on, and I thought I should bring this matter before this Committee.

Mr. HAMMELL: What railway is that?

The CHAIRMAN: That would be the C.P.R.

Now, we will proceed with Mr. Deachman's evidence, and we will take half an hour before we adjourn, even if we have to break into Mr. Deachman's evidence, with your permission gentlemen, to hear Mr. Thomas King, who has been in the United States for some time, is a journalist of long experience and a member of the Press Gallery for many years here, and who has information about the sugar situation in the United States which, of course, is reflected in the situation in this country. Some of our members, especially those representing fruit districts have had a great many communications about this sugar situation, and I think it would be well to have some authoritative information before the Committee at this time.

Now, Mr. Deachman, will you continue, please.

ROBERT J. DEACHMAN recalled.

The WITNESS: Mr. Chairman and gentlemen, your sugar story suggests a remedy that we shall have to expend a little bit in Saskatchewan and the West, in regard to that. We are starting to raise bees out there, and grow honey and we will be sweet enough to do without your sugar after a while if you raise your rates to that extent.

In taking up these cases this morning I covered the particular instance of the Ford car, with the object of proving to you that a protection tariff raises the price of the commodity, like the Ford car, and that the same principle is generally applicable to all commoditties which the farmer purchases. It occurred to me that I had omitted to say that the industry was fairly profitable from the standpoint of the Ford Company; they made good business out of it. I have here an extract in regard to the earnings of the company which no doubt you are familiar with, and you will see it has some bearing on what I said this morning. This is just a paragraph which shows what you might have done if you had invested $1,000 in the company when it was started. I am giving you this to make your mouth water.

> "One may gain some idea of the tremendous earning possibilities existent in this stock even at the present time by saying that every investor who bought ten shares of the stock at the time of the incorporation of the company,——"

By the Chairman:

Q. When was that?—A. This was written in 1918.

Q. When was the company incorporated?—A. I can give that to you later, I have not got it available now; it was 1907, I think.

> "——costing him $1,000, has received thus far $32,810 in cash dividends, and has 560 shares of stock, which based on an approximate market value, would amount to $277,200, and adding the cash dividends received to the present market value, as above mentioned, would make a total of $310,010 on the original investment of $1,000. This hardly seems possible, yet it is a fact."

It harly seems possible, the writer comments, yet it is a fact. I wish I had invested in stock of the Ford Motor Company at that time.

Now, I want to turn just for a moment to a further explanation in regard to agricultural implements. I pointed out the argument made by Mr. Finlay, that

if they took full advantage of the protection they would have received in each year an amount not exceeding one cent on every bushel of grain produced in Canada, and I tried to point out what that meant to the people of Canada. Now, I want to point out this, that the Massey Harris Company—which was Mr. Finlay's company—and the other manufacturers of agricultural machinery sold at a higher price in Canada than in any other country. I am only trying to drive that matter home, but I have an illustration which shows it up a little more clearly. In Mr. Finlay's evidence, he quoted some figures showing the prices at which binders manufactured in the United States were sold in different countries. Now, the facts, as I shall show you, prove that an American binder made in the United States sold at a lower price in England than it did in any other country in Europe. England is a free trade country. Let me give you the facts.

By the Chairman:

Q. That an American binder—?—A. An American binder made in the United States sold at a lower price. I am giving you this purely to point out that the farmer living in a free trade country has certain advantages over a farmer living in a free trade country. If I can demonstrate to you that Great Britain and Germany, two countries close together, one under free trade and one under protection, if a farmer in Great Britain buys his material at a lower price he has a distinct advantage over the farmer in Germany. I am quoting authorities given in this case, I am quoting from Mr. Finley's evidence. These reports set forth that a six-foot binder, prior to the outbreak of the war, was selling in the Untied States for $125, in Great Britain for $135.16, in France --protectionist France—for $173.70—notice the difference between that and Great Britain—in Germany for $203, in Denmark for $167, in Sweden for $160, South Russia for $168, and North Russia for $180. So you see, taking the difference between the price of a binder in Great Britain and the price of a binder in Germany, there was a difference of approximately $68. I assume that that represents the price that Germany paid for protection.

By Mr. Milne:

Q. What was the price in Great Britain again?—A. In Great Britain $135.16, and in Germany $203.

By the Chairman:

Q. Let us just follow that out. What year was this for?—A. This is taken from a consular report, and issued some time prior to the war. In that particular case the evidence is old, but the same principles would prevail today.

By Mr. McKay:

Q. Have you the tariffs of these countries?—A. No, but they all have a protective tariff.

Q. Have you the amount of the tariff?—A. No, I have not.

By the Chairman:

Q. I was just going to suggest that some of our departments would have copies of those tariffs, I think the Department of Trade and Commerce would have them, and I am going to ask Mr. Gordon to telephone to that Department and ask them if they would let us have the figures for the tariffs on—is that a binder?—A. Yes.

Q. On agricultural machinery, say, for the year 1912. It would be about then?—A. Yes.

By McKay:

Q. Were these prices before or since the war?—A. They were taken before the war, they are taken from a consular report submitted in evidence by Mr. Finley before the Tariff Commission in 1920.

Q. The consular report was of what country?—A. From the United States, sent in from their department.

By Mr. Caldwell:

Q. And the currency of these nations at that time was at par?—A. I think the currency of the nations at that time was practically at par.

By the Chairman:

Q. What were the countries you gave?—A. The interesting ones, of course, are Germany, France, and Great Britain. These would be the easiest ones to secure, Mr. Chairman.

Q. I think that would be very interesting to see if the facts were known?—A. Now, I want to turn for a moment from agricultural implements—

By Mr. McKay:

Q. They are putting a tariff on some things now, in Great Britain, they are putting a tariff both on barley and hops?—A. They have a tariff on a few items, perhaps this might be interesting—.

Mr. CALDWELL: I believe Canada is getting a preference in both barley and hops.

Mr. MUNRO: I happen to know about the hops industry, and there is an embargo against hops.

Mr. CALDWELL: At the present time?

Mr. MUNRO: Yes, they are controlled by the Hops Board, and if you get your hops in there you cannot sell until the British hops are bought out.

The CHAIRMAN: That, of course, is done under the name of empire solidarity.

The WITNESS: In regard to that question, Mr. Chairman, I can only point out this, that in 1922 Britain's total revenue from customs tariffs was a matter of 135 million pounds. I am giving it to you roughly. Their total revenue from customs was 135 million pounds, and of that total revenue approximately three million pounds came from protective duties.

By Mr. Caldwell:

Q. What are the others, excise?—A. The others were duties such as on tea or things of that kind, where there is no protective value to it. There is no grower of tea that is going to get a special rake-off on a duty put on tea. That is the type of customs tariffs they are levying in Great Britain, and when they tell you about these special taxes, they tell you about the Depreciated Currency Duty which brought in £87,000 and the celebrated Key Industry Duty which brought in £338,000. There are a few other special tariff taxes with a protective flavour, but they amount altogether to less than £3,000,000. That is a mere bagatelle in the finances of a country which pays off 500 million dollars of its debt. That is under free trade. Now, I want to turn to the question of the textile industry.

By Mr. Caldwell:

Q. Before you leave the manufacture of machinery, we have been told by the high protectionists that protection means higher wages to the worker. I

would like to deal with one industry. Have you any figures to show that Ford paid more wages to the worker in Canada than in the United States?—A. I think the wages are almost exactly the same.

Q. Have you the figures on that?—A. I have another statement which will do just as well. I have it here somewhere, it is in here, and I will get it. It is in regard to the wages paid in the boot and shoe industry, and I am taking for my comparison the years 1914 and 1915. I will just take time to get that, because it answers your question exactly. You must remember that the United States shoe industry is operating under free trade, there is no tariff on shoes entering the United States, is there?

The CHAIRMAN: No.

The WITNESS: Then, according to that, we ought to have a very much higher wage for shoemakers in this country than over there. That is a logical inference, I suppose. I cannot lay my hands on that just for the moment, but I have it here and will give it to you.

By Mr. Caldwell:

Q. We would like to have it before you are through.—A. Yes; it shows that the average wage—.

Q. Better not make just a general statement, give us the figures.—A. Yes, it is simply written on a piece of paper there.

By Mr. McKay:

Q. Does a similar condition of affairs exist with regard to binders of Canadian make sold in England?—A. I am not positive. There is rather a peculiar thing in connection with that. Prior to the war, Canadian manufacturers of agricultural implements sold in fourteen different countries, and met the competition of the different manufacturers of the world, and they met them, naturally, in an open market with equal conditions and equal opportunities, yet, for instance, the Massey-Harris Company could not sell a wheelbarrow in High River, or any of the small towns out West, unless they had a protective tariff. That is ridiculous. They could sell these in Argentine, Peru, Brazil, Germany, Czecho-Slovakia, and do not need protection, but when they need to sell them in some of the towns in Alberta they need protection, or say they do.

By Mr. Caldwell:

Q. Have you any record of how much machinery the Massey-Harris Company sold in the United States.—A. They have an export line of some kind, the Department of Trade and Commerce perhaps will have it.

Q. They did considerable business there?—A. Yes, they were selling ploughs, I know, quite a while.

Now, I have the table about which I spoke. I could not get the exact comparative years, but I want to present these figures and ask if it is fair—because we do not need to give any evidence that has attached to it any unfairness—.

By the Chairman:

Q. Do you think, if you gave evidence that had a touch of unfairness about it that would not strengthen your case?—A. No, certainly not. In 1914 the average wages were $551 in the United States. Of course that would include some men who were working on part time. That does not mean that it gives the wages of a man who was not employed, but I am giving you the comparison on this side, for 1915, which was the corresponding year that I

could get in the Dominion of Canada. The average wage was $539 as against $551 in the United States. Now, remember, that in 1915 the wages had started on the up-grade. That was after the outbreak of the war.

By the Chairman:

Q. I would say, and the Committee will correct me if I am wrong, that certain wages in Canada were rather higher than they were in 1914 for a whole year.—A. I do not think it is open to question. I also worked this out. I have not got the statistics here, showing what the total product which went to labour was in the United States and Canada, that is, if a man were making shoes, if he made one hundred pairs of shoes, for how many pairs would he get paid? He would get somewhere around 18 or 20 pairs for making them, that is, for turning out the raw material into a shoe, and the difference between the Canadian figure and the American figure in regard to that was very small indeed. It was relatively unimportant.

Q. That is, in other words, if you compared the American shoe industry and the Canadian shoe industry, the amount in both instances was practically the same?—A. Yes. I have been told the same by Canadian manufacturers, the wages were practically the same. There were certain periods when there was a special deduction in one country or the other.

It is well to remember that your American Government admits shoes free of duty. It is an interesting thing. We buy Church boots, a high-class English boot sold in Canada and the United States. Canada extends preference to Great Britain—you know that of course. I was very glad indeed when that tariff preference was given to Great Britain. It struck me as something rather noble to do, but if I buy a pair of Church shoes in Calgary, although I have the preference, the duty will be 16½ per cent, but if I cross the boundary, and buy them in Montana and Great Falls, there is no duty on them, so that the preference, so far as the shoe is concerned, is the preference which the United States gives to Great Britain, and not which Canada gives to Great Britain. Great Britain is especially the big exporter of shoes outside of the United States. She is marketing thousands and thousand of pairs.

By Mr. Robinson:

Q. As far as the shoes are concerned, the United States has free trade, but wages are practically the same. I always understood in a free trade country wages were down.

The CHAIRMAN: We will have a copy of the tariff on shoes, so I shall be able to have accurate information.

(EXTRACT FROM SCHEDULE "A")

Tariff Item		British Preferential Tariff	Internal Mediate Tariff	General Tariff
611	Boots and shoes, pegged or wire fastened, with unstitched soles close edged.....	15 p.c.	22½ p.c.	25 p.c.
611a	Boots, shoes, slippers and insoles of any material, n.o.p...	17½ p.c.	27½ p.c.	30 p.c.

I would say that the pegged or wire fastened boots are the cheaper sort, and that the 611-A boots and shoes, and slippers of any other material, not otherwise classified, would be the better class, such as Church shoes.

Mr. CALDWELL: That means sewed shoes?

The CHAIRMAN: I would say that means the better class of shoes.

WITNESS There was a question in regard to wages in different countries. Here is a book that was published in the West by the Canadian Manufacturers' Association. You will find a comparison of wages there. The comparison is made for the purpose of showing that wages in the United States are higher than in Great Britain, but I submit that there are so many differences between the two countries that comparison between the two is absolutely unfair. In a great many cases, it is altogether outside of the field of the protectionist tariff. They submit also the wages paid in a number of countries in Europe, so that we have an opportunity of comparing wages in Great Britain as against wages, say, in Protectionist Germany, perhaps, and Italy. I shall not carry it further to Japan or China. They show, for instance, in iron and steel. In England they give a wage of $17.40 a week; in France $16.80 a week; in Belgium $15.63 a week.

In candy making you have $13.65 a week in England; $6.48 a week in France; $7.49 in Belgium.

In cotton weaving you have $4.35 in Germany; $12.39 in England; $9.12 in France; $10.29 in Belgium; $5.14 in Italy.

You can go through the whole record, if you like, and it reads the same.

Q. And as a matter of fact, the tariff in Belgium is a low tariff?—A. It is not as low as in England. I think you will find that in the main, wages in Belgium are slightly higher than they are in France.

By Mr. Elliott:

Q. Do you think that the boot and shoe manufacturers of Canada take advantage of the tariff in fixing prices?—A. Well, I am going to say this, that I do not think they take the same advantage of it to-day as they did some years ago. I am free to say that right to-day the Canadian shoe makers are not pinching the game quite as much as they did. There might be an explanation for that. The explanation of that, I think is, that at the time the war was on British manufacturers were hardly free to compete in this country. The fact that the British preference is satisfactory, and that the British manufacturer is now in the market, would tend to bring down the prices as far as the Canadian manufacturer is concerned.

By Mr. Munro:

Q. I do not wish to be understood as asking for protection, but do you think that the industry in Canada could exist without this protection?—A. Why should it not?

Q. The answer for that is the fact that there are a great many of our boot and shoe manufacturers in difficulties to-day.—A. There are a great many of our farmers who are in difficulties. The average capital in the United States factory in 1914 was $187,000. The capitalization of the Canadian factory in 1919 was $240,000, so that as far as size of factory, measured by the amount of capital employed in the production of the product, is concerned, your Canadian factory was at a distinct advantage as compared with the American factory.

By the Chairman:

Q. Is size an advantage?—A. Yes, it is an advantage. I worked that figure out without going into definite details as to the number of men employed in the industry. For instance, in Massachusetts and Missouri, taking the average in

these States, the number of men employed in these factories was larger. Then, when you go over all the other States, the number of men employed was as large as in the Canadian factories.

Q. You do not think that our Canadian manufacturers require protection because they are bound to manufacture on a smaller scale?—A. I submit this in regard to them, that if the protectionist argument in that connection was sound, then all the manufacturers in the United States would be concentrated in these places where there are the large factories.

By Mr. Munro:

Q. How long since have boots and shoes been on the free list in the United States?—A. I cannot tell you here, I think it is quite a few years.

By the Chairman:

Q. They were put on the free list by the Underwood Tariff which came into force in 1912 or 1913?—A. The reason for the existence of free trade is very plain in the United States. They want to cater to the world market, and not be cursed by protection.

You have very large shoe factories down in Montreal. I was in Vancouver for a number of years, and we had the Leckie shoe factory out there, which started in a small way and now it is a great and prospering business. If a small factory could be put out of business by the big factories, Leckie's would have been put out of business.

We have an overall plant in the city of Edmonton, and it is coming down here to sell overalls in Ontario. You had better watch out for the Great West Garment Company.

By Mr. McKay:

Q. Is that due to the native ability of the Albertan?—A. Possibly. I think it is possibly an honour to my own nationality. There is a touch of Scotch in the people out there, even though it be a prohibition country.

By the Chairman:

Q. The Underwood Tariff came into force on the 3rd of October, 1913?—A. Shoes became free at that time. As a matter of fact, I think we have, from time to time since then, exported shoes to the United States.

By the Chairman:

Q. I have a memorandum here of the exports of leather and leather products into the United States.

We exported into the United States in 1918 about two and a half millions of dollars; in 1919 less than half a million; in 1920 more than half a million, and in 1921 about a quarter of a million.

Mr. CALDWELL: Exported from Canada into the United States?

The CHAIRMAN: I think we ought to file that as No. 85.

APPENDIX No. 3

EXHIBIT No. 85

IMPORTS of Leather and Leather Products into the United States from Canada—Free from Duty—Calendar Years 1918, 1919, 1920 and 1921.

	Years ended December 31st			
	1918	1919	1920	1921
Leather and Tanned Skins—				
Harness and Saddle Leather.....Lb...		1,299,292	459,351	677,364
$	4,890,626	834,010	338,014	285,243
Patent, japanned, varnished, or enamelled.....Lb..		101,276	40,159	51,621
$	135,521	338,807	185,075	104,726
Sole leather.....Lb.		974,883	920,631	622,124
$	1,418,743	646,403	604,529	864,612
Upper leather, dressed calf and kid.....Lb.		336,689	154,349	280,235
$	841,618	1,042,395	601,730	750,710
Goat and kid.....Lb.		1,615	452	2,480
$	106	6,391	1,597	3,206
Sheep and lamb.....Lb.		17,460	1,490	11,712
$	39,035	26,260	2,607	9,679
Other upper leather.....Lb.		186,403	152,511	295,805
$	32,454	458,304	316,371	396,496
All other leather.....$	699,511	870,060	591,804	261,416
Total Leather and Tanned Skins Free of Duty...$	8,057,614	4,222,630	2,641,327	2,676,088
Leather manufactured—				
Boots and shoes.....pairs	60,956	32,418	70,640	48,181
$	288,217	160,415	326,044	114,423
All other manufactures of leather.....$	2,347,056	58,351	365,127	111,623
Total Leather Manufactured, Free of Duty.....$	2,635,273	419,766	691,171	226,046

WITNESS: As far as shoes are concerned, there should be no logical reason why we cannot manufacture in Canada as well as they can in every country in the world. We have something like the eight factories in Wisconsin. They have to meet with competition.

By the Chairman:

Q. I think they will have to meet the competition of the world?—A. Yes.

By Mr. Munro:

Q. How do you account for that, if the manufacturers are so blind to their own interests?—A. It is not an uncommon thing that in matters of this kind people should be absolutely blind to their own interests. I could, for instance, quote a statement signed by British shipping interests, in which they protested the abolition of the old coasting law restriction in Great Britain. They said that the British flag would disappear from the Seven Seas as a shipping factor. It was the old argument. They removed the restriction and gave them a chance to be free. There are Canadian manufacturers to-day who have the same feeling.

The CHAIRMAN: We had before us yesterday a representative who makes overalls, and cheap forms of men's clothing, and he announced that if he could get raw materials free, that he would be quite willing to compete with the

United States. He said: "I think that the industrial life of Canada needs protection, although, speaking for myself, I am willing to enter the lists of free trade for all."

Mr. CALDWELL: I think that was what Mr. Fielding said?

WITNESS Yesterday, I met a Calgary manufacturer. I am going to put that the other way—that he was formerly a Calgary dentist, but he came East, became a manufacturer, and he is selling his production all over Canada, and I asked of him this particular question: I said, "What would you do if the tariff was taken off?" And he said, "I don't care whether it is or not." I said, "American competition will ruin you." He said, "Well, take off the duty on my raw material, and I do not care for the protection. I am willing to meet those fellows any way they like. I am going to get the business, and that is all they can do."

He was willing to do business, and is willing to do business to-day if given a chance on a better and broader basis. He was not considering this other factor; this gentleman was making sign plates and license numbers for automobiles. If you lower the prices of automobiles—Mr. Ford has proved that if you lower the prices of automobiles you will have a larger market. If my friend had a larger market, or if Mr. Ford had a larger market for his automobiles, my friend would have a larger market for his sign plates and his license numbers, and if there was more demand for automobiles there would be a larger demand for automobile plates and so forth.

I wish to touch upon one more point before I finish, namely, the textile industry. I have taken the Ford and the farm implements to prove the cost of production. In this case it is more difficult to get the exact facts in order to make comparisons because, as I pointed out, you cannot make exact comparisons between cloth and many other commodities.

By Mr. Caldwell:

Q. There is one other thing in connection with the duty on automobiles and farm machinery. Mr. Ford in his Canadian plant collects a greater price for his machines made in Canada, but the country gets no revenue from that class of manufacture?—A. That is true.

Q. Although the Canadian consumer pays a higher price?—A. True.

Q. The same with agricultural implements?—A. Yes. We have appointed Mr. Ford a collector of customs; the only difference is that he keeps the customs he collects.

By Mr. Milne:

Q. Have the Massey-Harris Company a factory in the United States?—A. Yes, certainly. Quite a number of our Canadian manufacturers have gone over to the United States and established branches there. There is something about protection that makes a man's courage sink into his boots; he stays behind when he should go forward.

Q. I suppose American manufacturers come over here?—A. Yes, certainly, and we go over there. Another thing is that American manufacturers go to England, and French manufacturers go to England, because they can get their raw material cheaper, and from England they develop their export trade.

Q. Is it not a fact that nearly all the material that goes into farm implements either comes in free or gets a rebate of about 99 per cent of the duty?—A. They get a rebate on nearly all the materials that are afterwards exported, that is, they enable the Massey-Harris Company to sell a binder to the farmer in the Argentine Republic to compete with our farmers.

By Mr. Caldwell:

Q. I think the statement was made that the duty on the material going into a binder was about 57 cents, and on the material going into a horse-rake about 3 cents—I think those are the figures?—A. To come back to the textile industry; the total value of textiles, according to the 1919 census, was $400,000,000—leaving out the odd thousands—including all textiles both cottons and woollens. The wages paid in 1919 amounted to a little over $58,000,000; they amounted at that time to 14.6 per cent; in 1917 the value of those products was $265,000,000, and the wages paid amounted to $42,000,000; the 1917 wages were 16.1 per cent, while in 1919 they were 14.6 per cent of the value of the products produced in the textile industries of Canada.

By the Chairman:

Q. Where did you get those figures?—A. I took these figures from the Industrial Census as compiled in the Canadian Year Book of 1919. I want to point out this fact, that this touches the question of wages that was raised before. There seems to be a gradual tendency for the wage-earner to get a little less and less of the value of the product he produces. If the wage-earner had been paid in 1919 on the same basis as he was paid in 1917, if he had received the same percentage of the product as he received that year, his wage bill would have amounted to between $800,000 and $900,000 for the textile workers of the Dominion of Canada. When you analyze protection on the score of the wages paid, the whole argument in favour of it falls down. If you are going to ask us to pay higher prices out there because you are paying big wages down here, do not forget that you are trying to cut those wages down as quickly as you can.

By Mr. Elliott:

Q. Have you the wages paid to the workers in the textile industry?—A. They were so low that I am ashamed to say what they were.

Q. Do not be ashamed; let us hear it.—A. They amounted to about $14 a week.

By Mr. Hammell:

Q. What was the class of labour employed?—A. There were a large number of girls employed. I have the 1917 wages; they amounted to $543, and in 1919 they amounted to $727; they were going up, yet it represented a less percentage of the product produced. Every worker in 1917 produced $3,360 worth, and in 1919, $4,970. The point I am coming at is, as in fact I pointed out one time before, when the tariff was raised on shoes, that is, the war tariff of 1915—

By the Chairman:

Q. It was 5 per cent as regards preference goods and 7½ as regards others.—A. I pointed out at that time that the result was to increase the price of shoes; shoes went up in price. I heard one statesman refer to it as synchronizing.

By Mr. McKay:

Q. Just a coincidence?—A. Just a coincidence. The result was that the relative proportion received by the worker was less. If you raised the tariff ten per cent to-morrow, the relative wages he would receive would be less, and if you lowered the tariff his relative amount would be higher.

There is one point more in regard to the textile business. Taking advantage of fifty per cent of the tariff protection he had, Mr. Ford was able to take an amount which exceeded the wages. Now, our Canadian manufacturers of

textiles take a larger percentage, that is, a greater advantage off the tariff than does Mr. Ford, and I will prove that to you. Ford's prices in Canada are so low relative to the United States prices after calculating the duty on the imported product that there are no Fords imported into Canada from the United States; he has blocked all that. Has that taken place in the case of Canadian textiles? Not on your life. We manufactured about $400,000,000 worth of textiles in Canada, but we imported about $60,000,000 worth or over. I have left out in this calculation our imports of raw cotton and raw wool, and have taken only the manufactured goods. As I said before, we produced approximately $400,000,000 worth and imported $60,000,000 worth. Why so much? Because there are hurdles to be jumped; there are tariff hurdles to surmount, and the Canadian manufacturer just keeps his prices up to a point so close to that that the foreign manufacturer can slip over the top; he provides a bridge for foreign goods to come in in other words. So that as far as the tariff upon textiles is concerned, we are in this position, that the manufacturer takes the fullest advantage of his protective tariff, with the result that the people of Western Canada and of the entire Dominion of Canada are paying a sum which must exceed the entire wages paid in that industry.

By the Chairman:

Q. I am glad that you changed from the people of Western Canada to the people of Canada as a whole, because this tariff question is not really a Western question only?—A. I realize that, Mr. Chairman, but I am putting the Western side of it forward.

Q. You are talking as an economist now. I just make this observation, that I think the cause of those who advocate low tariffs has been somewhat hurt by its advocacy as a question in which one part of the country is specially interested?—A. I quite agree with you, Mr. Chairman, and I would like to see that presented to this House by some manufacturer who had studied the protective tariff from the standpoint of the harm it does to the manufacturers. The reason we are not inclined to do that in Western Canada is that manufacturing is not our main business, but if somebody would line it up from the standpoint of the protectionist manufacturer, he would be able to present an unanswerable claim that the injury is not peculiar to Western Canada or to Eastern Canada, but that after all the primary interest is that of the manufacturer and the national life of Canada as a whole.

There is only one other point I would like to bring forward, and I will then close. I want to emphasize again the point I tried to make before, namely, that we are not attempting to sweep away manufacturing from Canada; there were manufacturing industries in Canada before we had our so-called protective tariff. We are not trying to injure the people of Eastern Canada, we are trying to get down to a basis where there is a possibility for the development of our national life. That is all we are asking. We have no word of censure for those who take a stand opposite to that which we hold; we are only asking for a better understanding of the problem, for a realization of the fact that agriculture is a basic industry, that the way to help it to develop is to give it freedom of opportunity, and in the present peculiar circumstances in which we in Canada are placed, that is absolutely essential, if we are going to develop, as we should develop, into a great and a prosperous nation. I pointed out in my earlier remarks that we have this sparsely settled country. The only way in which we can develop this country is to lower our cost of production. I mean not the only way, but one of the ways to lower that cost of production is to remove the tariff. When you have proceeded along that line, you will tend to stimulate settlement; when settlement has been stimulated, you will tend to remove the

burden which is worrying some of our statesmen to-day in relation to the National Railways. If you can add ten thousand, or one hundred thousand settlers—a rather simple problem—to the Prairie Provinces of Western Canada, you will go a long way towards working out the problem which is worrying Sir Henry Thornton and the Minister of Railways. It cannot be accomplished by one method alone, the whole thing must be taken together. A lower tariff will increase the population of Western Canada; that will follow as a matter of course.

By Mr. McKay:

Q. In one place you say to remove the tariff and in the next you say to lower it; which do you prefer?—A. Let me make my position clear. I would like to see it cut off absolutely, just the same as if you or I were addicted to the morphia habit; I should like to be rid of it at once. I recall a case in Calgary; I was talking with a medical friend of mine, when a man came in to get some drug; he fainted right there on the floor, and they carried him off to a hospital. I said to the doctor, "What is the remedy, can you lock him up and starve him away from it until he gets better?" The medical man replied, "No, I will gradually reduce the dose, I will provide him with stimulants until he gets into a better state of health, and when he develops his power of resistence he will not take to it so readily."

That is what I want to do in Canada in regard to the tariff. I want to remove it gradually, to lower it first against Great Britain. I want to get into a position where we can move forward towards free trade.

Q. The higher the tariff, the longer it will take to effect a cure?—A. I would not take half so long as some people have taken. I wrote at one time to one of our statesmen and said that we were moving in the right direction, but that it would take as long a time as from the discovery of America by Columbus until now. We can speed it up. I pointed out in regard to the Ford case that you cut that tariff in two to-morrow and it would not hurt them. I want to move at a reasonable measure of speed towards the goal of freedom. That is all we are asking. With the lowering of the tariff will come the development of Western Canada, and with the development of Western Canada will come a market for your products. One of the curses of protection to-day is that it kills the home market. I want to make that clear before I conclude. We always hear the argument that protection builds up the home market. My answer to that is that protection kills the home market.

A short time ago I bought a pair of shoes; they were Canadian made, there was paper in the soles, but I paid $10 for them. In common decency I should have bought them for $8. If I had paid $8 for them I could have bought a brick of ice cream and taken it home to the children; I would then have had $1.50 left, out of which I could have bought something else; I could have purchased one or two other articles with my $10. There would then have been a market for two or three Canadian articles instead of perhaps one only and, because it takes more clerks to handle a large number of articles than it takes to handle a small number, there would have been employment for some Canadian labour, as far as clerks were concerned. Or I might want to purchase a cap made in the City of London, Ontario, out of the $1.50 I had left over; there would have been a job for Sir Henry Thornton to move that freight from London to Ottawa—I believe in patronizing the National Road.

By the Chairman:

Q. That same argument was used by Richard Cobden in the thirties?—A. No doubt it was.

Mr. McKAY: The very same argument.

The CHAIRMAN: He said the cost of food to a poor person in Great Britain was so high that the manufacturers of England found that their customers, after they had paid for it out of their meagre wages had practically nothing left to buy other necessities, let alone the luxuries of life.—A. That is absolutely true. Mr. Gladstone used almost the same argument.

By the Chairman:

Q. They were reduced, a great many of them, even before the duty came off foodstuffs in 1842. As a matter of fact, duties were taken off very substantially in 1830, then there was a further reduction in 1842. Some duties went off imported foodstuffs in 1840, but it was not until 1860 that the remaining duties were taken off.—A. I recollect the quotation of Gladstone's, about the time these remaining duties were taken off, that he made in the British House of Commons, that the revival of trade in Great Britain did not come so much through the lowering of prices as through the fact that it left the people a measure of freedom to do what they wanted to, and with the movement of goods came a return to prosperity. I am going to close, but I want to close with a repetition.

Q. Before you close, there was a matter which I would like you to treat for the moment. You stated that if an industry was uneconomic, that is to say, it could not stand on its own feet, you would be prepared to see it go out of existence. I would like to ask you whether you have considered to what extent such a drastic result need be apprehended?—A. Well, Mr. Chairman, I am going to deal with that from this standpoint, and it is a matter which I think you could very readily follow if you cared to study it out. If you take a census of Canada and go over it, you will find there are a great many industries which the removable of protection would not hurt, to the slightest extent. For instance, take flour. In the City of Calgary, we have one or two flour mills and we are trying to build another, and we are going to get it up some time. Wheat is cheaper in Calgary than it is any other place on the continent of America. That is only natural. The price of wheat there is very low. Power is as cheap there as it is in Minneapolis. The labour cost entering into the production of wheat is only a trifle, anyway. We can market in both ways, and we ought to be able to manufacture flour as cheaply in Calgary as in any other place in Canada. Take another industry, which employs a great many men, the printing industry. If I want a few envelopes printed, or a booklet, I am not going to take into Schenectady. I am going to get it done in my own town. Take the lumber industry, that will continue as long as you have lumber. I was sitting down here in the Parliament Buildings to-day, and I looked at your match factory. What do you need a tariff protecting that match factory for? You have the timber, you have the power, you have the market, but the protectionist comes and says, "We have everything; nature has been beneficent, God has been good to us, we have the labour and the people, we have British fibre and everything else, but all we need is protection." I suppose finally, when this whole country goes down to wreck and ruin, when there is nothing left but a dust spot to mark where a great civilization has been, and the future Carnarvons, or whatever their names may be, come and unearth the mummies, they will find here recorded the death of a Canadian nation, with splendid resources, which died because it did not have protection.

I want to close. I said when I started that:—

> "A protective policy is a policy, which aims at supporting or creating home industries by raising home prices. The raising of prices is a necessary step towards the encouragement of an industry under a pro-

tective system. The object of Protection is to encourage home industries. The means whereby it attained that object is by the manipulation of a fiscal system to raise home prices. If the home prices are not raised, the industry is not encouraged. If the industry is encouraged, it is by the raising of prices."

I only want to add one remark, that the raising of prices, when they are raised high enough,—and they are high enough now—stifles the development of your natural industries, on which the life of your country depends, and when you have strangled your country and stopped the flow of blood in its circulation, you have the final consummation of a protective tariff.

I think you very much, gentlemen. If there are any other questions, I would be glad to answer them.

The CHAIRMAN: We are very obliged to you, sir, for your evidence.

Now Mr. King, will you come forward, please.

THOMAS W. KING called and sworn:

By the Chairman:

Q. Mr. King, you were in the Press Gallery for many years, in Ottawa?—A. I was, sir.

Q. And you are now, and have been for some months past, in the United States?—A. Yes, sir, representing Canadian papers.

Q. And as a journalist, you have come in contact with a good many of the industrial and financial and other problems with which the United States has been confronted?—A. I was sent there in 1921, at the time of the agricultural crisis, when there was a panic in agriculture following the deflation in 1920, to follow the work of a Joint Commission of Congress, appointed to investigate pretty much what you gentlemen are doing to-day.

Q. That is the Committee that operated under the presidency of Mr. Sydney Anderson?—A. Yes, sir.

Q. Before you start that, Mr. King, there is a matter of present day interest which we would like to have you tell us something about, and that is the sugar situation in the United States, which is being reflected here, and is causing some considerable amount of consternation among certain individuals in different parts of our country, especially those interested in the preserving industry. Can you tell us what you know about the situation there, and suggest any possible remedy?—A. We will go back a little bit, Mr. Chairman, and it might first be observed that the sugar market of the world was transferred during the war from Hamburg to New York. For a great many years the price of sugar was regulated at Hamburg. Owing I imagine, to the great falling off in the production of beet sugar on the Continent of Europe, the world's market for sugar moved to New York City, and is there now, so that I think the price of sugar here, as well as almost everywhere else, is the New York price plus freight. Now in 1921 there was a corner in Cuban sugar.

By the Chairman:

Q. When?—A. In 1921. There were a great many people ruined in it. Canadians as well as Americans. They endeavoured to buy, and thought they had bought, all the sugar in Cuba. I remember the Board of Commerce here in Canada seriously proposed—indeed, passed—an order forbidding the importation of sugar into Canada and fixing the price, I think, of 21 cents, although it was selling at the same day across the border for about 11 cents.

Q. That order was short-lived, if I remember it?—A. Very. It was not confirmed—indeed, it was set aside by the Governor-in-Council a day or two

later, but it was the backwash of that corner. The corner was broken, partly by the action of the United States Government, partly by the action of private exporters of sugar from Java and other places. The result was almost ruin in the Island of Cuba; the people had simply gone wild, banks had loaned them and gambled back and forth, figuring on 21-cent sugar, and there followed a terrible slump in the price of sugar. Cuban sugar went down almost to nothing. At that time, the American duty on Cuban sugar was 1 cent a pound.

By Mr. Caldwell:

Q. That means raw sugar?—A. Yes. The growers of beets, and the makers of beet sugar in the United States became very much alarmed, they claimed they could not compete with the Cuban sugar; so did the sugar-cane growers of Louisiania, and perhaps to some extent the sugar-cane growers of the Hawaiian Islands and Porto Rico. At any rate, Congress passed the Emergency Tariff Act, which increased the affecting duty, the duty on Cuban sugar, from 1 cent to 1.60 a pound. Cuba has a differential, or a preferential of 20 per cent on the sugar tariff, and practically all the sugar imported into the United States is brought from Cuba.

By the Chairman:

Q. Cuba has a preferential entrance?—A. Yes, of 20 per cent.

By Mr. Caldwell:

Q. Preferential over the West Indies, for instance?—A. Over everyone. Therefore, the duty on Cuban sugar is the only affecting duty. Cuba is so close to the United States that with a tariff preference of 20 per cent, no other sugar-producing nation can compete.

By the Chairman:

Q. Unless it is prepared to come down to Cuban prices?—A. Yes.

By Mr. Caldwell:

Q. That is, they have an advantage in transportation as well as preference in duty?—A. Yes, a great advantage. Well, the Emergency Tariff Act was passed, and then the Fordney-McCumber Act came before Congress, and there was a demand for a still greater increase in duty, and a slight increase was granted. The Cuban or affecting duty went from 1.60 to 1.76. Of course, when you say 1 cent a pound it does not sound much, but a cent a pound is $20 a ton, and sugar, of course, is bought by the ton rather than by the pound.

By Mr. Caldwell:

Q. Pardon me, that is, $1 a ton on raw sugar means a pretty heavy duty on the finished article; it would be a heavier burden on the finished article, as a ton of raw material would not make a ton of sugar?—A. No, but the price of Cuban sugar was so low at that time that the sugar beet growers of the Western States, and the sugar-cane growers of Louisiania allied and demanded more protection. In point of fact, they said they could not compete at all, and I know as a matter of fact that a great many of the sugar-beet factories were closed. They had contracted to buy their beets at a certain figure, and they could not afford to pay that figure and make sugar, or they thought that they could not. Congress, however, at that time organized what was known as the War Finance Corporation, and they practically put into the hands of one man —a very able man, Eugene Myers, Junior, a banker of world-wide reputation— they practically gave him 500 million dollars to go out and save the agricultural situation. This Joint Committee, to which I have referred, made a very able report, and they prepared a bill dealing with farm credits, but that bill did

not become law until a few weeks ago. In the meantime, the War Finance Corporation went out and loaned 40 million dollars to the tobacco growers, 90 million dollars to the cattle raisers, 80 million dollars to the cotton growers, and so on, and among the other people they helped were the beet sugar factories. They went and paid for the beets.

Q. These were long-term loans?—A. No.

Q. Do you know what the rate of interest was?—A. In the case of the cattle raisers, they got as high as 8 per cent. They were only expected to get 6 per cent, but I heard Mr. Myers testifying about his cattle loans, and I think they had all been repaid, the entire 90 million had been repaid, except about a million and a half, in round figures. He thought that he would get some of that, that he said that if he did not, that having charged 8 per cent instead of 6 per cent, he brought the Government back all their money with the interest they expected. I do not think these loans were made to individual producers, you know, they were made to co-operative associations, farmers' associations, and to a large extent they were made to the banks. In the State of North Dakota, for example, the banks were flooded with the notes of farmers, and the farmers were glutted with stuff they could not sell at a fair price. In that State alone they came to the aid of 440 banks, and rediscounted and carried along the paper of 26,000 farmers. However, to get back to the sugar——.

Q. Before we get away from that, Mr. King, the rediscounting of these notes relieved the situation and enabled them to hold on?—A. Gave them time to do it in an orderly manner. It prevented the throwing on to the market, which had had such a terrific effect in 1920. Cattlemen were selling breeding cattle that should not have been sold or slaughtered at all, but they were forced to sell them. Down in the South, cotton had sunk to $50 a bale, probably less than the cost of producing.

The CHAIRMAN: With the permission of the Committee, I think Mr. King might proceed to exhaust his views on the sugar question, and then I propose to ask Mr. King to go very thoroughly into the existence of this farm note matter.

WITNESS: I mentioned that merely to show that while as a matter of fact there was no shortage in the beet sugar supply of the United States because the war finance corporation came to the relief of those factories and paid for the beets and gave them time to process and poll their sugar.

By Mr. Caldwell:

Q. Do you think that is due, then, to a higher tariff?—A. At any rate, I think so. They got some increase in the tariff on sugar, but, in the meantime, as I say, they were menaced by the fact that sugar was down almost to nothing. I think it went as low as 2 cents a pound for raw sugar. That was a temporary condition. However, the United States Government put strong pressure on the Cuban Government to curtail production. There is no doubt about that, and when Cuba sent a delegation to Washington to protest against the increase on the tariff, they were practically told that they must curtail production.

By the Chairman:

Q. The Cubans were told that?—A. Yes, that it was a menace to the sugar growers of the United States, and that unless they curtailed production they would find a very high tariff against them, and they might lose their preferential treatment.

By Mr. Caldwell:

Q. This is another question altogether. Did it affect the consumers in the United States?—A. Yes.

Q. Correspondingly?—A. I have not the figures, but I think that refined sugar was down to five or six cents a pound.

By the Chairman:

Q. Do you know what is the difference, as a rule, between the raw and the refined article?—A. I cannot say that I do.

Q. Does anybody in the Committee know what is the difference between the raw and the refined sugar?—A. That the price must have gone down is abundantly attested by the fact that the consumption increased from $80 per hear per annum to $103 per head per annum.

By Mr. Caldwell:

Q. Are you dealing in dollars or in pounds?—A. One hundred and three pounds. That is, an increase of one cent a pound in the cost of sugar means $100,000,000 to the people of the United States every year.

Now, we all know that in 1921 and 1922 there was apparently an enormous surplus of sugar. The problem was, not how to get more sugar, but, of how to reduce the supply.

Now, I do not know and I doubt if anybody knows, whether the Cubans did, as a matter of fact, curtail their production. I am told that in Cuba the sugar simply grows like the dandelions out here, and it is not a matter of going out each year and bringing in your crops, but if they want to curtail production they would have to go and actually grub it out.

By Mr. Caldwell:

Q. Or refuse to harvest it?—A. Or refuse to harvest it. I do not think that is the case. I do not think there is any real shortage in sugar, but one day last February a bulletin from the Commerce Department at Washington was put on the tickers of the Sugar Exchange, apparently setting forth an emergency situation in sugar,—apparently setting forth that the reserve of sugar and the coming crop of sugar were below normal.

Now, how that got on the ticker nobody knows. Of course it is part of a widespread conspiracy, part of a very corrupt deal.

By the Chairman:

Q. It was not bona fide government information?—A. The Commerce Department had prepared a bulletin which was to be released twelve days later. No one had any authority to give it out any sooner, and they say the version given out was garbled and misleading.

For example, in the version put on the stock ticker, the word "ton" appeared. The number of tons seemed small, and as that was explained that the word "ton" in that bulletin meant the long ton of 2,240 pounds. I do not think that one person in the United States out of a thousand ever heard of a long ton and it misled, no doubt, a great many people.

Now, the public mind had been prepared, because the pressure brought to bear on Cuba was a matter of common notoriety. It had been debated in the Senate. The public had an idea that possibly the Cuban crob had been curtailed. Then came this bulletin, more or less garbled, and from that day on sugar has been soaring aloft, although if you examine the transactions, I think you will find the amount is merely a trifle.

The Justice Department at Washington—I had a long talk with Mr. Seymour, the attorney, the day before I left Washington—they are satisfied that the whole thing is a criminal conspiracy, that the real facts of the case do not justify any such advance in the price of sugar. They have brought a suit to dissolve the Sugar Exchange, to prevent its operating any further, and to enjoin

the publication of these speculative sales they have applied for a temporary injunction, which I think comes up on Monday in New York City. At the same time they are trying to indict some of these people under the Anti-Trust Law, and that investigation is proceeding before the Grand Jury.

Now, if the Government is really in earnest, and really prosecutes this civil and criminal proceeding, and especially if they do as Mr. Wilson did—send out and buy more sugar and bring it in—I think they will break the corner. The Government of the United States will not believe that the rapid advance in the price of sugar has any justification.

Q. Is the world's supply of sugar more or less a known quantity?—A. Yes, I think it is.

Q. Have you looked at the figures to see what the supply is?—A. The Department of Commerce made out a revised list, and the Department of Agriculture made a computation. I have not charged my mind with the number of tons, but they both agreed in saying that there was no cause then for alarm, there was no real shortage.

Q. The supply is normal?—A. About normal. Mr. Hoover dwelt on the fact that increased consumption had something to do with it, that people had eaten a great deal more sugar owing to the low prices. It is quite possible now they will eat less sugar. Of course they are advised to buy in very small quantities, and in that way help to break the corner. Of course the people who are most embarrassed are the canners. They will have to buy increased quantities and they cannot wait very long, but the belief in Washington is that it was a deliberate, widespread conspiracy, with perhaps some corrupt official in the Government. As I say, there is no doubt at all that the United States Government did their utmost to get the Cubans to curtail their production.

By Mr. Caldwell:

Q. How long ago is it that the United States Government took these steps? —A. I think Colonel Trotter was sent to Cuba in 1921.

By the Chairman:

Q. Did they have a sugar board in Cuba which disposed of the sugar crop of the island?—A. In Cuba, no, I do not think so. The general belief is that Cuban sugar is largely controlled by the American Cane Sugar Refineries.

By Mr. McKay:

Q. Did they own the plantations in Cuba?—A. They are supposed to largely control them, whether they actually own the land.

Q. Control the buying?—A. The United States imports about 50 per cent of its sugar. They grow some cane sugar in the south, they grow some beets in the west, they import, of course, from the Phillipines, the Hawaiian Islands and Porto Rico, free of duty, which is about half of their consumption. The other half comes from Cuba.

Well, now, the charge is that afteh the domestic supplies are pretty well exhausted, these people who control the Cuban supply take advantage of the tariff differential, and take advantage too, of the close proximity of the island to put up the price, and then other countries do not compete because they realize, if it comes to a showdown, they could not compete, because they would have the tariff differential to contend with.

By the Chairman:

Q. As far as you see the situation, is there anything that we can do to help ourselves in this country?—A. Well, I will freely state that I have heard over and over again, from men who ought to know, that the price of sugar is made in

New York. If you buy, the price here would naturally be the New York price, plus the freight.

By Mr. Munro:

Q. Do you anticipate any results in the immediate future, as a result of this injunction proceedings?—A. It just depends on how much sand the Government has. This sugar scandal is going to wreck the Harding administration, unless it is cleaned up, and promptly cleaned up. It does not stop short of being a scandal, and it has got to be dealt with, or the Harding Administration is lost.

Q. Do you think it will be dealt with in time to save the canners?—A. Of course the canners will have to have some sand, too. When you get a runaway market, people lose their heads and get panicky, and pay any price. If the big consumers had the courage to stand up, they could smash any corner, of course.

Q. When the fruit gets on the market, it has to be attended to, and we cannot wait?—A. That is the reason they pulled it off just at this time.

By the Chairman:

Q. Is the fruit ripening in your part of the country Mr. Munro?

Mr. MUNRO: Yes, rhubarb has been on the market about one month.

WITNESS: Of course there have been very peculiar features in the history of sugar. Any one will know that if you tax sugar 1 or 2 cents a pound, it has to be added to the price. It is a premium imposed by England, and by every country in the world, but in 1890 Mr. McKinley put it on the free list. It commenced to rise and rose until 1894, and then the Democrats put it on a duty basis and it came down. That shows a great many results entered into the price.

Q. We are going to ask you to come back tomorrow, to talk to us about rural credits and the operation of Government loans in the United States, and I am going to excuse you now because I want to ask Mr. Gilchrist, of the Department of Trade and Commerce, some questions.

Witness retired.

WILLIAM GILCHRIST, called.

By the Chairman:

Q. Mr. Gilchrist, what is your full name?—A. William Gilchrist.

Q. In which department of the Government service are you engaged?—A. I am in the Department of Trade and Commerce.

Q. This afternoon a rather interesting question came up. We would like to know the different customs duties imposed upon agricultural implements going into France, Germany, Belgium, and Denmark. Have you brought the tariffs with you?—A. I have brought a statement with me.

Q. Perhaps you had better read it.—A. As a preliminary remark, I might say that in giving information about foreign tariffs we do not speak with the same certainty as a Canadian customs officer would speak to you. However, we consult the latest sources of information.

Q. You believe what you have to be correct?—A. I believe it to be correct. In Great Britain agricultural implements were not dutiable; they were free. I may say that this inquiry was made with binders particularly in mind; I think that was the inquiry. In France in 1912 the duty on what is called there combined reapers and binders was, under the general tariff, 15 francs per 100 kilogrammes, and 12 francs per 100 kilogrammes under the minimum tariff. I may say that that works out at $1.05 per 100 pounds minimum tariff and $1.31 per 100 pounds under general tariff.

The CHAIRMAN: Perhaps some of the gentlemen here will tell us what a binder weighs; what does it weigh, Mr. Hammell?

Mr. HAMMELL: About 1,500 pounds.

The CHAIRMAN: Approximately 1,500 pounds.

Mr. GARDINER: It depends upon the width.

By the Chairman:

Q. 1,500 pounds at how much?—A. The minimum tariff of France on that particular item would apply to Canada, it would apply to the United States, and it would apply to England. I suppose you might consider the minimum tariff the rate; it works out at $1.05 per 100 pounds.

Q. $15.75 on a machine?—A. In Germany the rate in 1912 was 4 marks per 100 kilogrammes; the same unit; that works out at about 43 cents per 100 pounds; 43⅓ cents, to be exact.

Q. That is $6.45. All right, go ahead?—A. In Russia, reaping and binding machines were free of duty. In Denmark the rate was 3 ore per kilogramme. That comes to about 36½ cents per 100 pounds.

Q. What would that be on 1,500?

Mr. CALDWELL: $4.75.

WITNESS: About $5.47 I make it.

By the Chairman:

Q. To sum up, taking a reaper, the machine we are dealing with, as weighing 1,500 pounds, the tariff on a machine going into France would be $15.75?—A. Yes.

Q. Going into Germany it would be how much?—A. I make it $6.65. No, it should be $6.45.

Q. And into Denmark?—A. $5.45 or $5.47.

Mr. GARDINER: Perhaps these machines were of a different class altogether.

By the Chairman:

Q. A combined reaper?—A. It is just the particular way they are defined. In France the rate would apply to combined reapers and binders, regardless of their weight. Of course it is 12 francs per 100 kilogrammes; sometimes there is a different rate on a light or a heavy article, but in this case the rate is 12 francs per 100 kilogrammes, regardless of whether it was a light or a heavy binder.

Mr. GARDINER: In some of those European countries they would use what they call a reaper, while in other cases it might be a binder.

By the Chairman:

Q. May I make this suggestion? Mr. Gilchrist understands just what we want. Perhaps he would not mind translating into our currency the difference in the rates of duty in these three countries we are dealing with. The agriculture or trade returns will show what sorts of implements were shipped into those countries, will they not?—A. Yes; they are in the Canadian Classification. We have to accept a classification in a foreign tariff, and it is not always possible to match the two. We describe it in our way and they do it in theirs. We have a great deal of difficulty sometimes in comparing and setting down the actual rate in a foreign country. However, the language in regard to these particular items is here. In France they describe the article in question as mowers, reapers, combined reapers and mowers, so it would cover anything of that class. In Germany they call it reaping machinery. The term is therefore broad.

By Mr. Hammell:

Q. That would cover binders and mowers?—A. In Russia they call them reaping machines. In Denmark there is no doubt about what it means, because it says reapers, ploughs, harrows and other agricultural implements, the same rate.

Mr. McKAY: Would it be of interest to get the number of imports?

The CHAIRMAN: Yes.

By the Chairman:

Q. Would you then, Mr. Gilchrist, prepare for us a statement showing the amount of imports into those countries from Canada in 1912 and, as near as you can, the rates of duty?—A. Yes.

Q. We are only interested in the articles exported from Canada to those countries.—A. All right sir.

Mr. McKAY: I suppose there is no way of comparing the prices paid here and there?

By the Chairman:

Q. All agricultural implements?—A. Whether we exported them or not?

Q. What we exported.—A. I understand now.

Mr. HAMMELL: Exported from Canada.

WITNESS: I could not compare the prices, Mr. McKay. The Statistical Bureau would likely have the implements exported, the tariff entries the Canadian exporters would make when they shipped; they would have that in Canadian currency. The currency there would not present any difficulty.

By the Chairman:

Q. Will you make as complete a statement as you can?—A. Certainly, Mr. Chairman. When do you want it?

Q. As soon as you can get it.—A. Would you expect it to-morrow?

Q. No, not that early.—A. All right, sir.

Mr. McKAY: I think, Mr. Chairman, that we should hear the Massey-Harris people.

The CHAIRMAN: Yes, certainly. I think that is only fair.

Mr. McKAY: We have heard the one side, I think now we should hear the other.

The CHAIRMAN: We included the International Harvester Company, but they said it would take them a long time to prepare their statements.

Shall we meet to-night, because if we do we will ask Mr. King to come back this evening.

(Several Members: No.)

The CHAIRMAN: All right. This Committee stands adjourned until to-morrow, at ten o'clock in the forenoon.

(The Committee adjourned at 5.50 p.m. Wednesday, April 25, 1923, until Thursday, April 26, 1923, at 10 a.m.)

APPENDIX No. 3

HOUSE OF COMMONS,
COMMITTEE ROOM 268,
THURSDAY, April 26, 1923.

The Special Committee appointed to inquire into agricultural conditions throughout Canada met at 10 a.m., Mr. McMaster, the Chairman, presiding.

The CHAIRMAN: The Committee will please come to order. The witness this morning is Mr. F. W. Pirie.

F. W. PIRIE, called and sworn.

By the Chairman:

Q. Where do you live?—A. Grand Falls, New Brunswick.
Q. What business are you in?—A. Produce.

By Mr. Caldwell:

Q. What line of produce do you handle chiefly?—A. Potatoes.
Q. That is your chief line?—A. Yes.
Q. Where is your market at the present time?—A. We have not much of a market at the present time, with the exception of Cuba.
Q. Would you tell us something about the conditions of shipping to Cuba? I think that is what we are most interested in. Have you good facilities for getting to the Cuban market?—A. No, we have not, we are practically barred out—that is the smaller shippers are practically barred from the Cuban market.
Q. Just tell us why?—A. Well, from St. John port, practically the only potatoes going from St. John port are shipped by the larger shippers, that is a sort of combine I call it, composed of Guy Porter, Hatfield & Company, C. E. Gallagher & Company, and the C. W. Clark Company, and I understand they have taken in a man named Esty from Woodstock.
Q. Recently?—A. Yes, sir.
Q. What are the conditions that make it possible for a combine or an organization to control the export of potatoes from the port of St. John?—A. Well, the only way they can ship from the port of St. John is to charter a vessel.
Q. To charter a vessel for potatoes alone?—A. Yes, and it debars the smaller shipper, because he certainly cannot put on the quantity to charter a vessel.
Q. You say it debars the smaller shipper. Those men you spoke of are some of the biggest shippers?—A. Yes, sir.
Q. And they have had to band together to charter a vessel?—A. Yes, sir.
Q. So the present condition makes it almost impossible for any one shipper to ship to Cuba?—A. He cannot, unless he charters a vessel. There are no regular sailings.
Q. What effect has that had on the potato trade, the fact that only a few shippers have banded together to charter a vessel?—A. It shuts out the smaller shipper, and naturally gives the larger shipper control of the market.
Q. Because of the fact that he cannot export, he must sell to those larger shippers who can export, I presume?—A. That is right.
Q. How long has this existed?—A. For about the last two years.
Q. Since the Fordney Bill went into effect?—A. Since the Fordney Bill went into effect.
Q. Previous to that Bill going into effect, where did you ship?—A. Most of our markets were in the States.

Q. And you shipped by carload?—A. Yes.

Q. You must now ship by a vessel to Cuba, and the present arrangement is that there is no regular sailing, no vessel giving a regular sailing upon which you can put 1,000 or 500 sacks, or less than a full cargo?—A. Not from the port of St. John.

Q. Is there any other port from which you can ship to Cuba?—A. By Boston and New York.

By the Chairman:

Q. Why do you not ship by Boston?—A. It costs us from about 30 to 35 cents per sack; that is 180 pounds or 3 bushels more than it would via the port of St. John. We have no way of competing with the larger shippers shipping that way.

Q. But there are sailings by Boston by which you can ship?—A. Yes.

Q. But it costs how much more?—A. 30 to 35 cents.

Q. That means you cannot compete?—A. Not with the larger shippers in that market.

Q. What do you suggest as a remedy for this condition?—A. A regular sailing from St. John. We have been advocating that the Government put on a service from St. John port to Havana, Cuba.

Q. Would that mean that the Government would have to subsidize vessels?—A. Taking care of smaller lots; for instance, sailing every two weeks, a smaller ship could ship 500 or 1,000 sacks to any man who wished them down in Cuba.

Q. You think that there would be plenty of cargo for a sailing of that kind?—A. I do not see why there would not be.

Q. What size of ship do you propose should be put on?—A. Ships carrying cargoes down there now, carry from 8,000 to 12,000 sacks.

Q. Is that when they are loaded entirely with potatoes?—A. Yes.

Q. Would a line of steamers running regularly between St. John and Cuba have merchandise to carry other than potatoes?—A. Yes, there are some other commodities that go down there.

Q. Taking into consideration the fact that there are other commodities to go down there as well as potatoes, could the smaller shippers provide every two weeks sufficient potatoes to make up a cargo?—A. I would say so, Mr. Chairman, for some months of the year. The season starts perhaps about the 1st of October, and lasts until the latter part of April or May.

Q. You say there are four shippers who practically monopolize the transportation of potatoes to Cuba; is that right?—A. Yes, sir. Well, four, five or six.

Q. Do they charter a vessel?—A. Yes.

Q. Are they able to get together enough potatoes to keep that vessel running regularly between Cuba and St. John, loaded with potatoes?—A. Yes, sir.

Q. Do they ever sail without a full cargo?—A. Not to my knowledge.

Q. So these four, five or six shippers are able to get enough New Brunswick potatoes to keep one vessel busy carrying potatoes from St. John to Havana?—A. Yes, sir.

Q. Let me ask this question: Would there be sufficient potatoes grown in New Brunswick for export to fill up another boat, that would make regular trips in the same way?—A. I would say so, yes, sir.

Q. Is there anything to prevent the smaller shippers from getting together and formnig a co-operative association, and chartering a boat for themselves?—A. Well, I do not know that they would; the other smaller shippers are quite small, and it would take perhaps ten or fifteen of them.

Q. Could ten or fifteen of them provide enough potatoes to fill up a boat which would run regularly between Cuba and St. John, N.B.?—A. At times, I would say they could; without help, every two weeks they could provide a cargo.

Q. Would they be able to find a cargo for a boat every two weeks the year round?—A. No, from the 1st of October, until the latter part of May; that is our shipping season.

Q. Do the big combinations have boats running all the year round?—A. No, just in the shipping season.

Q. You believe, that during the shipping season, there are sufficient potatoes grown and exported from New Brunswick outside of those handled by the large dealers, who are more or less an association, to provide a cargo for a steamer that would run regularly every two weeks?—A. Yes, sir.

By Mr. Sales:

Q. You do not mean outside of those shipped by the big dealers.

The CHAIRMAN: Yes.

By Mr. Sales:

Q. Is not the idea to prevent the big men from getting there?—A. No, no.

Mr. CALDWELL: Mr. Chairman, the idea is to correct a condition whereby a few men can control the whole export of potatoes, which is the chief export, the same as wheat is from the West.

By Mr. McKay:

Q. Do they control the price as well?—A. They will eventually.

By Mr. Sales:

Q. What has been the effect on the price during the last two years while this condition has obtained?—A. Well, the price obtained during the last two years, in fact, during the last three years, does not give a farmer a price to warrant growing potatoes. He is within 50 per cent of the price—I think he has been losing 50 per cent on every dollar's worth of potatoes that he grows.

Q. Let me get this clear: If the Government should put on a ship as you suggest, that means that the potatoes would go through the hands of the smaller shippers, instead of being shipped by the larger shippers?—A. More so than they are now.

Q. That means that there are not sufficient potatoes outside of those now being shipped by the Big Four, to maintain that service?—A. Yes.

By the Chairman:

Q. What do you understand by that question. Explain your answer. I did not understand it.

Q. As I understand this gentlemen, he figures that it will take just two boats to take care of the trade with regular sailings every two weeks. As it stands now there are sailings from St. John every two weeks.

By Mr. McKay:

Q. Via Boston?—A. Via St. John; from St. John port to Havana.

By Mr. Sales:

Q. The reason I got on that point was this: I understood you to say that there would be sufficient potatoes to furnish another ship with all the potatoes they could carry, outside of what would be carried by the Big-4 just now. I understood Mr Pirie to say that was so. He may have misunderstood my question.

By Mr. Elliott:

Q. Do you think the possibility of organizing a warehouse and handling the product independently of the large shippers could control the situation? Why deal with them at all? Why do you not organize your own shipping facilities?—A. Because the shippers all have warehouses there now.

By Mr. Caldwell:

Q. There is a feature—possibly you do not understand the shipping trade. In shipping hay or grain you must have frost-proof warehouses all along the line to protect these cargoes. The men in the business have those warehouses, and in a great many cases it would be hard to get space to build those warehouses.

By the Chairman:

Q. Let us bring that out from the witness. There has been a suggestion made by Mr. Elliott that the potato growers of New Brunswick should do certain things in connection with potatoes what other agricultural producers have done in connection with apples, in connection with wheat and in connection with other things. Are there any difficulties standing in the way of the carrying out of such a scheme?—A. There is nothing standing in the way of organizing that I can see, of the farmers organizing.

Q. I understand that you require frost-proof warehouses to handle it?—A. Yes.

Q. Would a Farmers' Association like that find it easy either to get possession of the frost-proof warehouses that are now in existence or to put up others?—A. No, there is nothing standing in the way that I can see, with the exception of finance.

The CHAIRMAN: Exactly.

By Mr. Elliott:

Q. Would it not be possible if the Government—I do not like Government assistance—if the Government were to build these warehouses as they did the cold storage plants in the country, why would that not be workable?

Hon. Mr. MOTHERWELL: I think I can give some assistance in regard to warm storage.

By Mr. Caldwell:

Q. What were the conditions at St. John previous to last year, for potatoes, for example?—A. That combine controlled the only frost-proof warehouse in St. John.

By Mr. Elliott:

Q. From your knowledge then, during the shipping season, which extends over several months, could the vessels of the Canadian Government Marine carry potatoes from St. John?—A. Yes, I think they could.

Q. With such a scheme everybody would get a fair chance to ship goods?—A. Yes.

By Mr. Sales:

Q. Is there any return cargo from Cuba?—A. Yes, there is some return cargo from Cuba, but I do not know how much.

By the Chairman:

Q. There would be raw sugar?—A. Yes.

Q. You have a big refinery at St. John, N.B.?—A. Yes.

APPENDIX No. 3

By Mr. Caldwell:

Q. And fruit?—A. And fruit.

Q. There is another feature of it; do you know anything about the conditions in Cuba for handling potatoes? It has been reported that there has been a combine in Cuba that handles about two-thirds of the potatoes in Cuba? —A. That is so, I understand.

Q. It has been reported that the combine in Cuba refused to accept any potatoes off a vessel landing in Cuba, if they are potatoes shipped for any independent dealer in Cuba?—A. I understand that is so. I do not know it to be a fact, but there is considerable talk about it.

Q. And the people shipping from New Brunswick deliver all the potatoes to the combine in Cuba?—A. Yes.

Q. Have you had any communications from independent buyers in Cuba wanting to buy potatoes?—A. Yes, we get letters in every mail from independents asking for consignments of potatoes, but they would have to be shipped via Boston.

Q. In smaller lots than shiploads?—A. Yes.

Q. In order to ship those people you would have to ship via Boson and the freight would be so much higher than the freight from St. John as to prevent your doing that?—A. We could not.

Q. Therefore there is no competition in the market in Cuba practically for our potatoes?—A. No, sir.

Q. Do you think this regular sailing from St. John would overcome that now?—A. I do.

The CHAIRMAN: Have him just explain how it would overcome it.

By Mr. Caldwell:

Q. Would you tell the Committee how to overcome it. If a man in Cuba wanted to buy 5,000 sacks from you, you cannot ship them now?—A. No, we could not compete with the other larger shippers.

Q. You have to ship from Boston and put them on ships sailing out of American ports as well?—A. Yes.

Q. If you had a regular sailing out of St. John, and if a man wanted 500 or 1,000 sacks, do you think you would you be able to sell them?—A. Yes.

Q. Do you think it would make competition among the buyers in Cuba for our potatoes that we do not get now?—A. Yes.

Q. Have you any idea of the prices paid in Cuba for potatoes this year? —A. We get reports back from Cuba. Of course it varies. $4.50, $4.25 per 180 pounds.

Q. Has there been much variation in the price in Cuba this season, since last October up to the present time?—A. Not very much.

Q. I thought there was quite a variation?—A. Well, it all depends on what you figure variation. From $3.50 to $4.50 would be the variation.

Q. There has been that much variation?—A. Yes.

Q. Was that variation reflected in our prices in New Bruswick from time to time?—A. The price in New Brunswick started out last fall at 65 cents per barrel, that is two bushels and three pecks, and it has gradually increased to $1 up until a month ago.

Q. Had it never been above $1 until a month ago?—A. No, not to my knowledge.

Q. There has been a sharp increase in prices just recently?—A. Yes.

Q. What is the cause of that?—A. The American market.

Q. Were there too many potatoes in New Brunswick to ship at the time the price went up?—A. No, very few; practically cleaned up.

Q. I believe you live very close to the American boundary?—A. Yes.

Q. Is there any difference in growing potatoes in New Brunswick and in Maine?—A. Yes, sir.

Q. Where can they be grown the cheaper, would you say?—A. Maine.

Q. Would you tell us why?—A. For several reasons. Fertilizer is higher.

Q. About what is the difference in price, taking one year with another.

By the Chairman:

Q. Fertilizer is higher in New Brunswick?—A. $8 and $10 a ton higher.

By Mr. Caldwell:

Q. From $8 to $10 a ton?—A. Yes.

Q. How about machinery?—A. It is higher. 25 to 35 per cent higher in New Brunswick.

Q. Than it is in Maine?—A. Yes.

By Mr. Bouchard:

Q. And the cost of land?—A. The cost of land is a little cheaper.

By Mr. Caldwell:

Q. In New Brunswick?—A. Yes.

Q. Why?—A. I think you can answer that question. Because they cannot produce potatoes at the same cost.

Q. Can they sell them to as good advantage in New Brunswick?—A. No.

Q. I understand you live close to the American boundary and you buy Canadian and American potatoes?—A. Yes.

Q. Many of the potaoes grown in Maine are hauled over to New Brunswick to be shipped because they are nearer to the railroad?—A. Yes.

Q. At the present time what is the difference in price between Canadian and American potatoes?—A. 85 cents.

Q. That is, you have separate warehouses?—A. Yes.

Q. Just along side?—A. Yes.

Q. Loaded on the same track?—A. Yes.

Q. You pay the American farmer how much more?—A. From 85 cents to $1 a barrel more.

Q. And it costs the New Brunswick Farmer a good deal more to grow?—A. Yes.

Q. I think that would answer the question as to why land was dearer in Maine than in New Brunswick?—A. Yes.

By Mr. Bouchard:

Q. What is the price of labour in the United States? It should be higher. —A. Practically the same, the labour cost in the United States, in the farming section of Maine, in Aristook County.

Q. We will say in that potato belt, Aristook County, if the farmer did not pay as much as the Maine farmer, what would happen? Would he get the help?—A. No.

Q. He is compelled to pay that price for his labour on account of the fact that the Maine farmer is able to pay?—A. He would step across the line.

By the Chairman:

Q. In fact a good many people have done that?—A. Yes.

Q. You find many people have left your section of New Brunswick to go into the State of Maine in the last year?—A. They are moving out all the time.

Q. Would they be town people or farmers?—A. Farmers.

By Mr. Sales:

Q. What is becoming of their farms?—A. There are a great many of them laying idle.

By Hon. Mr. Sinclair:

Q. Are these people who are moving out taking up farming in Maine?—A. Yes, those who can buy farms. In many cases the finances of some of the people are exhausted and they start out and get disgusted with the country entirely and are trying it over there.

Q. They are leaving because they are broke? Is that the idea?—A. Yes.

By Mr. Caldwell:

Q. Could you tell us any thing that would remedy this condition; supposing the duty was taken off fertilizer what effect would it have?—A. It would have a certain amount of effect; they use half a ton to the acre; it would mean five dollars.

Q. Does he use that much usually, or more or less?—A. They use as high as 1,500 pounds to a ton to the acre.

Q. That would make from $8 to $10 an acre in growing potatoes just on account of duty on fertilizer?—A. Yes, from $8 to $10 increase just in the fertilizer alone.

By the Chairman:

Q. A farmer will have how many acres of potatoes in your part of the world?—A. Ten to twenty acres.

By Mr. Caldwell:

Q. You grow some potatoes yourself?—A. Yes.

Q. How many?—A. Fifty acres.

Q. That would mean between $400 and $500 difference on your fertilizer bill; you would have to pay four to five hundred dollars more for your fertilizer than you would if you were farming in Maine?—A. Yes.

Q. Your machinery would cost you more?—A. Yes.

Q. And your help would cost you just as much?—A. Practically just as much.

Q. If you did not pay them as much they would not stay with you, they would go to Maine?—A. Yes.

Q. How far do you live from the American boundary?—A. A mile and a half.

By the Chairman:

Q. I understand that the chemicals of which fertilizers are composed come into the country free, do they not??—A. I don't know.

By Mr. Bouchard:

Q. There is no sales tax; why are they cheaper in the United States than in Canada if there is no duty and no sales tax? Could these fertilizers be mixed in New Brunswick or Nova Scotia?—A. Yes.

Q. If the farmers get organized and have co-operative powers don't you think they could mix their own fertilizers and this difference would disappear? —A. There may be ways to bring about the disappearing, but it has not been up to the present.

By Mr. Caldwell:

Q. The farmers are buying some chemicals at the present time and mixing them themselves?—A. Yes. The trouble with the chemicals I think, the reason for that is that chemicals are cash, and they have been putting out the mixed fertilizers on credit, payments in the fall; the stuff is mixed in different factories.

By the Chairman:

Q. It happens in this world that the man who needs to be able to get cash prices the most generally has not got the cash to avail himself of those sort of prices?—A. Yes.

By Mr. Caldwell.

Q. At the present the farmers in your locality who employ fertilizer to grow potatoes this year, are they in a position to pay cash for chemicals?—A. Not over 25 per cent.

By Mr. McKay:

Q. How does the local price of potatoes in New Brunswick compare with the local price in Maine close to you?—A. I would say 85 cents to $1 a barrel—that is two bushels and three pecks.

Q. Does the price compare with the American potatoes?—A. Yes.

By Hon. Mr. Sinclair:

Q. Before you leave the fertilizer question, those farmers that you say cannot buy because they have no security, is there no way they can finance to buy chemicals?—A. The last thing is their security has been exhausted with the fertilizer companies already.

Q. A company who sells them mixed fertilizer must see some hope of getting a return for it?—A. They are not selling them the mixed fertilizer this year; they are not selling them any.

Q. You told us the difference between the mixed fertilizer and chemicals was that they could not pay cash for the chemicals, and the mixed fertilizer they give them time?—A. Up until this year.

By Mr. Caldwell:

Q. What is the reason they are not selling them this year?—A. They have not got the credit; they are not worth enough to advance them fertilizer on credit.

Q. They formerly were worth enough to get it on credit?—A. Yes.

Q. What has been the cause of this decline in their credit?—A. The potato market I would say.

Q. That is, I think you told us, that the farmers have not been getting more than 50 per cent of the cost of growing potatoes for three years?—A. Yes.

Q. Therefore they have gone in debt so far that their credit is exhausted as well as their finances?—A. Yes.

By the Chairman.

Q. Is this merely a temporary condition do you think?—A. No.

Q. Would a system which enables the farmer to borrow some money on reasonable terms be a real help to him?—A. Yes, sir.

Q. Have you looked into the matter of rural credits at all?—A. No.

By Mr. Caldwell:

Q. Are your farmers able to go to the bank and get credit to-day—we will say a farmer who is not deeply involved, is it the policy of the banks in your town to loan a farmer money on a note, even farmers who are worth some property?—A Well, he has to be worth considerable to get a small loan.

Q. Do you know what rate of interest he pays?—A. Seven per cent.

By Mr. Robinson:

Q. Has there been any co-operative movement among the farmers at all?—A. Yes, the United Farmers of New Brunswick organized about three years ago I think.

Q. For what purpose?—A. They run their own stores, their own groceries, drygoods stores in the different towns.

Q. Was there ever any attempt made at co-operative buying of these fertilizers for mixing?—A. Yes.

Q. They had that?—A. They did it about three years ago; it did not prove a success; they bought potatoes about three years ago, two or three years ago, three years ago I think, and in every branch they lost money.

Q. Were you a member of that co-operative association?—A. Yes.

Q. You are not a speculator by yourself now?—A. I do not just quite understand.

Q. You spoke about buying potatoes; are you a potato buyer yourself?—A. Yes.

By Mr. Caldwell:

Q. There was one other point I wanted to cover: do you ever ship potatoes anywhere except to Cuba now?—A. We ship them to Ontario or Quebec, to Montreal considerably.

Q. Have you any difficulty in shipping to Ontario or to Quebec at the present time in regard to your freight rates? How do your freight rates compare with 1914?—A. The freight rates are 100 per cent over what they were in 1914; the rate from Grand Falls to Montreal in 1914 was 17 cents a hundred; the freight rate now is 34½ cents.

Q. I see that evidence was given last year by another shipper, Mr. Porter. Then your freight rate would be more than 100 per cent higher to that point?—A. Yes.

Q. Does that hamper you in shipping to Montreal?—A. Oh, yes.

Q. It reduces the price you can pay to the farmer by that much?—A. Yes, sir.

Q. If that rate were reduced it would relieve the situation some?—A. Yes.

By Mr. Elliott:

Q. Have you any reason to believe there is an understanding existing between these dealers at the present time, these shippers that are able to ship to Cuba?—A. You mean the larger shippers?

Q. Yes, is there any agreement as to price fixing?—A. I do not know as to price fixing; that would be a pretty hard question to find out.

Q. Do you think so?—A. No, I do not know that I would go that far.

Q. Do you think there is any understanding or agreement existing in the Cuban market working in conjunction with these shippers?—A. Yes, sir.

Q. Would not you assume from that that these men were in a ring on this side in New Brunswick working to control the price?—A. Yes, I certainly do.

By Mr. Sales:

Q. Is it the same men who control both ends?—A. They are interested down in Cuba, I understand, the same men, the larger shippers from New Brunswick are interested.

Q. Interested in the selling organization in Cuba?—A. With this trust they call it in Cuba.

Q. I would like to know what the difference is between what the New Brunswick grower gets and the Cuban consumer pays. You buy your potatoes from McGee, a grower in New Brunswick; tell us what you pay for the freight to St. John, and the freight from St. John to Cuba, and then what the Cuban consumer pays, if you please?—A. I do not think their profits have been excessive up until the present time, because they have not gained higher control.

Q. I ask you to tell us what the price was to the grower in New Brunswick?—A. To-day or from last fall? They started out at 65 cents per barrel last fall.

Q. Then the freight to St. John?—A. 19½ cents.

Q. The ocean freight from St. John to—?—A. That 19½ cents is 100 pounds, and you have 65 cents per barrel down there, no doubt.

Q. What would it be per barrel?—A. 34 or 35 cents.

Q. From St. John to Cuba per barrel again?—A. 70 cents.

Q. Any other expenses?—A. Yes, there is wharfage charge.

Q. Let us have the whole thing?—A. That is, St. John wharfage charge you have down; now there is the Cuba wharfage charge, duty.

Q. How much?—A. The duty is 60 cents a sack, 180 pounds.

By Mr. Caldwell:

Q. That would be 55 cents on the barrel we are speaking of.

By Mr. Sales:

Q. What is the Cuba wharfage?—A. Roughly, about 10 cents.

Q. What do these potatoes come to in Cuba, $4.50 do you say?—A. They vary from $3.25 to $4.50 a sack.

Q. Would you say $3.25 at the same time that your 65 cents prevailed in New Brunswick?—A. Yes, I think that was about the market down there at that time.

Q. And the highest you paid, do you say $1?—A. Yes.

Q. I get a total of $2.36, Mr. Chairman, including all these charges—

The CHAIRMAN: That it costs—

Mr. SALES: To lay the potatoes down in Cuba.

The CHAIRMAN: Counting in the Cuba duty?

Mr. SALES: Yes, and Cuba wharfage charge, St. John wharfage charge and the freight.

By Mr. Caldwell:

Q. There is one discrepancy you are figuring on the barrel of 165 pounds, and they sell it by 180 pound sack in Cuba; there is a little discrepancy in price there?—A. Yes, and the cost of the bag; you had better put in 25 cents.

The CHAIRMAN: Let us make the proper allowances, and then we will see.

Mr. SALES: Allowing for the difference, allowing for you to pay your dollar on the New Brunswick car, I get $2.94, as against $4.50. I put in everything you told me.

Mr. CALDWELL: There is 1½ cent sack insurance.

Mr. ROBINSON: $4.50 is the highest price.

Mr. SALES: And $1 is the highest price paid in Cuba.

WITNESS: I have included that.

Mr. SALES: Allowing a few cents more, I get $2.95½. That is, those potatoes are worth $4.50 in Cuba probably, and the man who handles them on paper in an office gets $1.50, and the man who grows them $1.

By Mr. Caldwell:

Q. Speaking about regulating prices, do these men all pay the same price, at the same point? Supposing some other shipper saw a car loaded at the same time that they are being shipped out, are they inclined to drive him out?—A. They raise the price 10 or 15 cents for the time being.

Q. At that point?—A. Yes.

Q. Do they ever raise it at one point, and decrease it at another? Supposing there is competition at one point, and no competition at some other point, have you ever known them to raise it at one point and decrease it at another point?—A. Yes.

Q. On the same day?—A. Yes.

Q. Does each of these buyers buy at the same point, or several points? Did each have a buyer at the same point?—A. Yes.

Q. But they each buy at possibly different points along the railway?—A. Yes.

Q. Supposing an independent buyer, outside of this combination, has sold a car and begins to load, are they inclined to raise the price on him at that point?—A. Yes.

Q. Have you known them to drop it at some other point?—A. Yes.

By Mr. McKay:

Q. You are a buyer yourself?—A. Yes.

Q. Give us your own experience, buying in competition with these men you understand to be a combine.—A. I am a very small buyer. I have five warehouses, but one of these warehouses is at a point in competition with those other buyers, and when the price gets too high for me there, they try to drive me out.

By Mr. Caldwell:

Q. You quit buying?—A. Yes.

By Hon. Mr. Sinclair:

Q. You sell potatoes direct?—A. Yes. I shipped or sold Este, who has been taken into this combine recently. They have sold him considerable this year.

By the Chairman:

Q. Have you sold him since he went into this alleged combine?—A. No, sir.

Q. Do you expect to sell him?—A. No.

Q. Well now, you told us this, that it is to the disadvantage of the farmers to have this rate?—A. Yes.

Q. That you were buying at a certain point, and you are known as an independent buyer?—A. Yes.

Q. And the farmers will be selling to you, and then if the ring forces you a little, the farmers will leave you and go to them?—A. Yes.

Q. If they kept on selling to you at a price you could afford to pay at that time, they would help to draw themselves from the ring?—A. Yes.

Q. Why don't they do that?—A. Show them five cents more.

Q. And they leave you and place themselves in the hands of this ring again?—A. This ring first was composed of three large shippers, and any other of the shippers that bothered them, well, they have taken them in gradually, one at a time.

By Mr. Caldwell:

Q. They will take you in by and by?—A. Yes.

By Mr. Hammell:

Q. You will be the next victim?—A. Yes.

By Mr. Sales:

Q. What did you sell your potatoes to Este at?—A. One dollar a barrel.

Q. You bought some of them at 65 cents?—A. No, sir. This was some time after Christmas time and the price was 80 to 85 cents.

By the Chairman:

Q. Was that price per barrel too much?—A. I broke even.

By Mr. Caldwell:

Q. That is, it cost you the difference to pack them?—A. Yes.

Q. What is the difference between what they cost you and what you sold to Este, gross?—A. Ten cents a sack.

Q. And that was absorbed in your overhead charges, and the expense you were put to?—A. Yes. The sack alone cost 14½ or 15 cents.

By Mr. Sales:

Q. Do you know how many bushels of potatoes were grown in Cuba last season?—A. From ten to fifteen million bushels.

Q. Two bushels to a barrel?—A. Two bushels and three pecks.

Q. Tell us how many barrels. We have been talking about barrels all the time?—A. Four million barrels.

By Mr. Caldwell:

Q. I think the estimate was for export. It was for export you were speaking?—A. Yes.

By Mr. Sales:

Q. Fifty cents a barrel—that is a couple of million dollars that someone is evidently picking up.

By the Hon. Mr. Motherwell:

Q. You spoke about a number of farmers leaving the land and going elsewhere. About what percentage do you think are doing that, just roughly, 3 per cent, 4 per cent, or 5 per cent?—A. About 5 per cent.

Q. Has that been due to their growing potatoes exclusively?—A. Yes, I would blame it a lot on their growing potatoes exclusively.

Q. They throw up their hands endeavouring to grow up potatoes? Have any of them tried anything else?—A. Well, they are going into other commodities more this year than they have in the past.

Q. Does this fertilizer unfit the soil to some extent from growing other crops than potatoes?—A. It makes the soil better, I would say.

Q. It does not unfit it. It can grow serials, and grass and corn?—A. Oh, yes. There is no corn grown down there, but considerable hay.

Q. Why do they grow potatoes at a loss, when they can diversify in some other articles which are a prime necessity and demand in the British market?—A. The British market is taking our hay from New Brunswick, and allowing the farmer nine to ten dollars a ton, pressed.

Q. What about unpressed? Now, for instance, out West we are married to wheat growing. In some districts they diversify, but it is hard to break away, you have you farm organized, and your equipment for wheat growing. Is that the situation with regard to potatoes in New Brunswick? You have carried on. They have been doing it all these years, and they do not like to break

away without hoping that something else will turn up to revive the market?—A. They have equipped themselves with machinery to grow potatoes.

Q. They do not like to part with it? I can understand that. There should be a remedy some way. You think the remedy is to go into debt more?—A. No.

Q. I think you said that they could get more credit?—A. They have to get credit to get fertilizer.

By Mr. Caldwell:

Q. Do you have many farmers who grow nothing but potatoes?—A. Oh, no.

Q. Do you have any farmers who grow nothing but potatoes?—A. Very few.

Q. What else do they grow?—A. Oats, hay.

Q. Some stock?—A. Yes.

Q. Now, speaking of the price of hay to the farmer in New Brunswick, $8 or $9 a ton, pressed, does the farmer pay for pressing?—A. Yes.

Q. How much?—A. $3.

Q. He has to port the parcel?—A. I would call that $3, as covering the total pressed charge.

Q. Then he has to haul the hay to the car?—A. Yes.

Q. How much would that be worth?—A. Fifty cents a ton.

Q. That is, $3.50 from $10 would give him $6.50 for his hay?—A. Yes.

Q. Would that pay him?—A. No.

By Mr. Sales:

Q. How much hay per acre?—A. A ton and a half to two tons. Two tons is an extra good crop.

By Mr. Caldwell:

Q. That would be about the average?—A. Yes.

Q. They grow a bigger crop of hay on ground that has previously grown potatoes a year before?—A. Yes.

Q. About how much more?—A. Almost double.

Q. Partly on account of the fertilizer?—A. Yes.

Q. What kind of seed do you use for hay?—A. Timothy and clover.

Q. Would it not be for one after your potato crop you would have no crop of hay at all?—A. We seed it down with oats.

The CHAIRMAN: We very seldom summer fallow land in Eastern Canada.

Mr. CALDWELL: We never do.

By the Chairman:

Q. There are just one or two questions that I want to ask you, because I know you are in a hurry to get away. I think you stated that farm labour in New Brunswick working on these potato farms was paid about the same as paid in Maine?—A. Yes.

Q. Are you sure about that?—A. Yes.

Q. Are you familiar with the district that grows potatoes in Maine?—A. Yes.

Q. Do they have any union there among farm labourers, which raises the wages in Maine?—A. Not to my knowledge.

Q. Would you know of it if there such?—A. I would think so.

Q. Does the farmer and his family work in Maine the same as the farmer and his family in New Brunswick work?—A. Yes.

Q. They might not work quite so skilfully, or quite so hard, but they work?—A. Yes.

Q. There is really no difference between the farmer in Maine and the farmer in New Brunswick, as far as the work is concerned?—A. No.

Q. They pay taxes in Maine—municipal taxes?—A. Yes.

Q. Do you pay the same municipal taxes in New Brunswick?—A. Yes, but the taxes are higher in New Brunswick.

Q. Very much higher?—A. They have a different system of taxation. There, townships are four, five, or six miles square. Our towns take in the town proper.

Q. What would you think would be the difference in cost of production between Maine and New Brunswick? Where could you raise potatoes cheaper, taking all these facts into consideration?—A. Well, for fertilizer and machinery—

Q. It is cheaper in Maine?—A. Yes.

Q. The taxes are a little higher in New Brunswick, and the land is a little cheaper in New Brunswick?—A. Yes, the land may be a little cheaper in some sections.

Q. What would be the difference in cost per acre for the same quality of land?—A. A $5,000 farm in New Brunswick may bring $6,000 or $7,000 in Maine according to location, you know.

Q. You refer to a 150-acre farm in both cases?—A. Yes.

By Hon. Mr. Motherwell:

Q. Have you devoted any energy to growing certified seed potatoes for export?—A. Yes.

Q. That is good business?—A. Yes.

THOMAS W. KING, recalled and examined:

By the Chairman:

Q. Mr. King, while you were in the United States you devoted a good deal of time and attention, I understand, to the different financial schemes that the American Government put forth to aid agriculure in that country?—A. Yes.

Q. We would like you, sir, to give us in outline, without going into too much detail, what those schemes were and, as far as you can say, how they have operated.—A. Perhaps I had better begin by saying a word or two about the condition I found there and the various remedies that were proposed, some of which were tried and some adopted. I got there in the spring of 1921. The crop of 1920 had been the most expensive crop, I suppose for grain the most costly. Before it was harvested, or by the time it was harvested, there was a spectacural fall in the prices of all agricultural products; prices went to a very low level, and there was practically no demand. The potato growers in Maine claimed that they were cutting up their potatoes for fertilizing purpose, while down south they were offered $10 a bale for their cotton.

Q. What was the ordinary normal price?—A. The price to-day is $30.

By Mr. Hammell:

Q. How many pounds are there in a bale of cotton?—A. 500 pounds, I think. Hides were almost worthless. I saw letters where farmers had shipped in a hide and got back three or four postage stamps, the cost of selling using up the small amount he got. The price of grain was low, and the demand was sluggish; the wool market had gone all to pieces, the sugar beet factories were

closed, and the banks generally were forcing the farmers to sell or to dump on that depressed market. The farmers, being desperately hard up, bought nothing, and that reacted on the merchant and the manufacaurer. At that time I think 5,000,000 men—5,000,000 people at least—were out of employment, so that a real crisis seemed to be before the country.

Q. What was the last thing you said?—A. I said there were 5,000,000 people out of work. Rightly or wrongly, the panic was blamed on the Federal Reserve Bank system. They have in the United States a great credit monopoly. It is Government owned and Government operated, but it is none the less a monopoly. When you look at the banking system superficially, it appears very different from the Canadian system. There are 30,000 banks in the United States, and perhaps less than a score here.

By the Chairman:

Q. We have seventeen now.—A. Yes. Our banks here have a vast number of branches; there they have no branch banks.

By Mr. Hammell:

Q. Is every bank a separate institution?—A. A unit, that is, in theory, but those Federal Reserve Banks, twelve in number, controlled by a central board and acting in unison, those twelve original banks have something like 15,000 member banks. Those small banks take a little stock in the Federal Reserve System, use the Federal Reserve Bank for their reserve and go to it for their rediscounting and credit. The Federal Reserve Bank is a State bank to issue and re-issue discounts; they take no deposits except from the banks and the Government, they take no deposits from the public whatever; they go into the market and buy bills, but their principal business is rediscounting for the member banks. So that a small bank in a busy town having discount notes is liquidating paper for thirty, sixty or ninety days, and it is going to loan a large amount of money, far beyond its capital, because it can go and get the money for it from the banker and rediscount. It must of course endorse the paper and become liable for it.

That system on the whole has worked admirably for the merchant and for the manufacturer. It dealt with thirty, sixty and ninety day paper. The merchant who wants to buy straw hats for instance would have a bill for straw hats. He would go to the local bank and show that he could get those hats, turn them over in six weeks, give a note for sixty days, get the money, and when he made his turnover and sold the hats he would come back and pay the bank.

The trouble with the farmer was that he could not make his turnover in thirty days, sixty days or ninety days; he often required a year or longer before he could sow his crop, harvest it, thresh it, freight it and sell it. The commercial banks simply could not give him the banking accommodation he needed.

By the Chairman:

Q. Even with the help of the Federal Reserve System?—A. No, sir, because the Federal Reserve System was a commercial bank. They are only allowed to rediscount paper having a maturity of not more than ninety days. There was an exception grafted on that they might discount farm paper with six months maturity, but I do not think they want to do that. Universally the banks are run by experienced, skilful bankers, and they have certain what they consider rules of good banking. They undoubtedly made things very easy for the merchant, the manufacturer and the ordinary business man, whose turnover was a short one. Now, the Government undertook to help the farmers by loaning them money on land for a long time, at cheap rates and with an easy method of repayment. A man could borrow say $1,000 at 6 per cent; he paid $35 every

six months, that is, he paid the interest and one per cent over. The Government bank amortized that excess payment so that after a certain number of years the man's debt was entirely paid off.

Q. What did you say he paid $35 every six months for?—A. He paid 7 per cent instead of 6 per cent every six months.

Q. On $1,000?—A. I took $1,000 as a simple sum. Of course he could pay off the principle. He could by simply paying $35 every six months finally wipe out his $1,000 debt and have the mortgage cancelled.

By Mr. Hammell:

Q. How many years would it take?—A. Possibly forty years. There were ten- and twenty-year plans. I merely took that as an illustration of the forty years he had it at 7 per cent.

By Mr. Caldwell:

Q. It would not take forty years, would it?—A. Perhaps thirty years. They have any number of plans; they can pay in any way they like. The idea was that a farmer could borrow this money on his land and pay it off in a very easy way; he would not be pressed, and would not be embarrassed at all.

By Mr. McKay:

Q. Could he shorten the time up if he wanted to?—A. Yes, he could pay it off. That proved an enormous success, a success to the farmer and a success to the Government. In point of fact the farmers now practically control the system, and some people think that the Government ought to step out altogether and turn it over to them.

By the Chairman:

Q. Will you please explain the machinery whereby those credits became available for the individual farmer?—A. The unit was what they called a National Loan Association; it had to consist of farmers actually living on the land and deriving the bulk of their income from farming operations. I think perhaps ten farmers could form an Association, but everyone had to be a prospective borrower. Of course they were all freeholders—they owned land.

By Hon. Mr. Tolmie:

Q. Did they pool their credit, was each member responsible?—A. No, sir.

By the Chairman:

Q. You are going on to explain that?—A. There was no unlimited liability —you could not get farmers to do that on this Continent. They formed this Association and the Association made the loan. The member applied to the Association, the Association looked over the land; it could not loan more than fifty per cent of the value of the land, or more than twenty per cent of the value of the improvements. If they thought it was a reasonable loan, they went to the Government Land Bank—there were twelve regional land banks, modelled somewhat on the Federal Reserve System, with a central Board at Washington, with say twelve different banks in different parts of the country.

By Mr. McKay:

Q. You mean twelve regions for the whole of the United States?—A. Yes. Every loan, every borrower had to take 5 per cent of the stock of the bank.

By the Chairman:

Q. Of the stock of the Association, or of the bank?—A. Of the bank.

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By Mr. Sales:

Q. Of the regional bank?—A. It is all one system, the idea being that in time the farmers would own the system, the modern system, that it was bound to be a money-making system, and they wanted the farmers at large to be interested in it. The Land Bank would have the property appraised, to see that it was a provident loan, and they would rediscount the note and mortgage for the little local unit Association; they would rediscount against that rediscounted paper.

By the Chairman:

Q. Excuse me, Mr. King; before you pass to that point, you say they rediscounted the mortgage and the note?—A. Yes, sir.

Q. Do I understand in the first place the individual farmer gives a mortgage and his note to his local Association?—A. Exactly, and the local Association applies for the rediscount.

Q. To the Land Bank?—A. To the Land Bank. The Land Bank of course had a little margin of capital to begin with, because the Government took a certain amount of stock and paid for it, but they got their funds by using debentures against those rediscounted notes and mortgages. Those debentures have been exceedingly popular with the investing public; at the last sale that was made they sold for under 5 per cent, and the whole sale was made in two hours; it was largely overbid. Here is a school teacher in Maine, who has $1,000; she cannot go out to Kansas and find a farmer and lend him the thousand dollars, but she can go to the post office or anywhere else and buy a thousand dollar debenture issued by the Land Bank. The Land Bank would pay her 5 per cent, the farmer pays 6 per cent, so you can see that there is a tremendous profit the bank is getting for this service.

Q. The spread is hardly as great as our banks pay to our depositors and charge to the public?—A. No; of course it was not designed to make money for the Government, it was designed to be a prosperous concern that the farmers themselves could eventually take over.

Q. Let me ask this question; does the Government guarantee these debentures?—A. No, sir, it does not. Of course I think there are moral obligations of the Government, and I think the public rather take that view, and they are exempt from all taxation, which of course makes them saleable and at a lower rate. The man who buys a debenture has the security of a note and a mortgage given by a farmer, he has the endorsement of the local Association, he has the margin of capital with which the Land Bank commenced to do business, he has a huge profit which runs up into large figures, the profit the bank is making as a middleman, paying the school teacher 5 per cent and getting from the farmer 6 per cent.

Q. Does the Land Bank endorse the note of the farmer?—A. They ear-mark them; they ear-mark them for the debentures, but they do not back the notes and mortgages.

Q. The note and the mortgage come to a standstill?—A. Yes.

Q. In the Land Bank?—A. In the Land Bank.

Q. And against the aggregate of the notes and mortgages of the farmers, endorsed by their local Association and deposited in the coffers of the Land Bank, the Land Bank issues these debentures?—A. They issue debentures.

Q. An issue of debentures would cover all the notes at that time in the Land Bank, and any special debenture is ear-marked as secured, being ear-marked for such and such a mortgage?—A. Well, the design is that these are getting cheaper all the time, selling at a higher price; to put it in another way, the idea is to only charge the farmer one per cent more than they actually pay for the money.

By Mr. Caldwell:

Q. I would like to ask a question right here; does that one per cent pay for the administration charges, the expense of administering this Land Bank? —A. Yes; they are very slight.

Q. That is rather interesting, because a witness appeared before the Banking Committee and said they paid that rate for deposits and could not loan for less than 9 per cent and come out even.—A. He probably was not loaning on first mortgages only up to fifty per cent of the value of the land, it would be in more or less a speculative way. My impression is, although I am not sure, that the savings banks of Massachusetts did take long time savings at 4 per cent and loaned them out on gilt-edged mortgages at 6 per cent.

By Mr. Sinclair:

Q. I understood you to say a moment ago that the notes and mortgages put into the Land Bank were ear-marked; is that right?—A. They are pledged for the debentures, yes, and every Land Bank is liable on the debentures issued by the other Land Bank.

By Mr. McKay:

Q. Who appraises the farmer's assets, under this system?—A. The Land Bank sends out a skilful appraiser.

By Mr. Hammell:

Q. Do the local Associations have appraisers or valuators?—A. I suppose they do, but the local associations are mainly composed of borrowers and neighbours, who are supposed to know what the land is worth. The Bank makes a very careful appraisement.

By Hon. Mr. Tolmie:

Q. Of what value is the appraisal of the local Association of the farmer's mortgages and notes?—A. Well, their capital stock is up; with every rediscount they take five per cent of the stock, and that stock is very good stock indeed.

Q. That would be available?—A. Yes, that would be available. As a matter of fact the transactions have been so numerous and so large that the requirement of taking 5 per cent is gradually getting a majority of the stock. I think now the majority of the stock is in the hands of the farmers, but the Government by common consent almost administers the system. There is no reason why they could not step out to-morrow, because properly run it cannot help but do well, and it is doing well.

By Mr. Sales:

Q. How is that stock issued, in what amounts is it issued; take a farmer who wants to make a loan, he has to take 5 per cent of the stock, how much money has he to invest?—A. If he borrows $1,000 and buys $50 worth of stock, the local Association subscribes for it.

By Hon. Mr. Tolmie:

Q. It is kept out of his loan?—A. I don't think so; I think the man is supposed to have $50. Of course the Association buys the stock, and I suppose they would get it from him. Some of these Associations become quite large and are carrying on more or less a banking business on the side, nothing at all to do with the mortgage scheme; they do not use that money, but it brings together a vast number of farmers, and they often stay together for that purpose.

By Mr. Sales:

Q. Do they have offices?—A. The law provides that they shall appoint a Secretary-Treasurer, whom they may or may not pay. I think when they first

started they do not pay anything, but an Association of that kind might grow and bring a great many farmers together, they have no money to handle, they simply have the stock in the bank.

Q. But they do approve or refuse every application made to them?—A. Actually they must underwrite or endorse the loan or mortgage. The Land Bank does not deal with the individual farmer, it deals with the Association. They rediscount against the mortgage for the Association, and later on, every six months, the payments are made.

By Mr. Caldwell:

Q. Does the local Association pool its credit with the Land Bank; are the members of these local Associations answerable for those loans to the Bank?—A. Not the members, an Association itself is, but of course the only property the Association has is the stock they own of the Bank.

Q. And their liability is limited to the stock they have?—A. Yes.

By Mr. Sales:

Q. And each Association is a limited company or a limited Association in itself, incorporated?—A. Well, to that extent.

By Mr. Caldwell:

Q. Their liability is limited to the amount of stock they have in it?—A. Yes.

Q. Which is five per cent of the loans?—A. Five per cent, but there are many loans running up to large amounts, and in time an association becomes the owner of a considerable amount of stock, and it is a very good stock. The point now is, whether they might not just as well take it over.

By Mr. McKay:

Q. What is the nature of the credits sanctioned by this system; what is the length of the credits and the nature of the credits; what is their purpose, I mean—I am viewing it from the agricultural viewpoint altogether?—A. The money must be borrowed for agricultural purposes.

Q. Do you mean, to buy more land, to buy fertilizers, to buy live stock and so on?—A. They go into some details; they can use a percentage of it for improvements, but not all of it. I think there is a percentage for implements perhaps, but no percentage for stock. But the money must be borrowed for farming business. He cannot borrow $1,000 to go out and gamble with.

By Hon. Mr. Motherwell:

Q. Is he controlled in any way in the expenditure of that borrowed money? —A. Oh yes, I think he makes out his application, and these things are all stated. The local association goes over it, and the money is applied in that way.

By Mr. Sales:

Q. The safety of the system that you have, is that these ten local men or more, who are living near him, can keep a check on what he is doing with his money?—A. They are honest. The money is borrowed in good faith for use in that business, as farmers.

By Mr. Caldwell:

Q. They are all honest farmers down south of the line?—A. I think the farmer generally is more honest than the people living in the city.

The CHAIRMAN: As to living in the city, I would like to remark that it is somewhat suspicious to see the enthusiasm with which farmers greet that statement.

By Mr. McKay:

Q. How long has that system been in operation?—A. The social sanction in the country is so much greater. I do not know my next door neighbour in Washington; I do not want to know his name; I do not see him; I do not want to see him; I do not care what he thinks about me; it makes no difference, but I have lived on a farm and I would be very sensitive to the opinion the farmer next door had of me. That social sanction is great.

By Mr. Caldwell:

Q. It is not due entirely to the fibre of the farmer. It is due to the force of public opinion very strongly?—A. I think so.

The CHAIRMAN: Why endeavour to detract?

By Mr. Caldwell:

Q. You say this money must be applied to agricultural purposes. Supposing this man was all mortgaged, for say 50 per cent of the value of his farm, paying a high rate of interest, could he get money from the association to lift that mortgage and pay a lower rate of interest than he is doing?—A. That is one of the purposes of it.

By Mr. McKay:

Q. I was asking Mr. King what length of time this system he describes has been in operation.—A. Well, the law itself was passed a number of years ago, but the banks and the trust companies and other private corporations contested its validity and they had trouble in selling their debentures. Some of the States tried to tax the debentures, and that whole situation was not cleared up until about perhaps two or three years ago.

Q. Do they have any annual report on the working of the system?—A. Oh yes.

Q. What do those annual reports show? Do the farmers meet their obligation or what percentage of them have not met their obligation?—A. I do not think they have had any defaults at all, the payments are so small, semi-annual payment of interest.

By Mr. Elliott:

Q. What becomes of this money that is received by the association through the sale of the stock? Is that reinvested again?—A. You mean by the land bank?

Q. I understand when a man applies for a loan he has to give five per cent? —A. Yes.

Q. That will accumulate to a large sum?—A. Yes.

Q. Is that held in reserve by the association or is it reinvested?—A. My impression is that they are really buying the stock from the Government, which in the first instance of course took it all. That is the idea, but the farmers eventually own it or eventually retire it.

By Mr. McKay:

Q. The original association is the dynamic force and the safety valve of the whole system?—A. The local association, yes.

Q. If that fails, all fail, so the farmers have the safety of the whole structure in their own hands?—A. It depends altogether on the farmers.

By Mr. Sales:

Q. Have you been out amongst the farmers and discussed this matter with them personally?—A. You mean about the land banks?

Q. Yes, about the whole system.—A. They are all delighted with the land bank. The clamour has been to enlarge it, to make the amount larger.

Q. Have you ever been out in the country and visited the farmers who are in this scheme and talked to them personally?—A. No, I have not, but I have talked to some men—most of them are not farmers—and I think it is regarded everywhere in the United States as a magnificent success.

Q. I was just wondering what the effect would be if a farmer who made application for a loan was turned down by ten of his own neighbours.—A. I do not know about that. However, this scheme—call it a scheme—is a good thing for the farmer who wanted to borrow some money on his land, but there is still left what Mr. Hoover calls a "barren credit area." Here is the Federal Reserve Bank accommodating short-time maturities; here are the land banks loaning for years ahead on mortgage, but there seems to be no provision for the farmer getting the same accommodations which are given by the commercial banks to the merchant and the manufacturer. He might go to the bank and want some money for a year. The bank would probably say: "We will only give it to you for 90 days; of course you can renew," and perhaps he could renew, but still the axe would be over him, and if the bank got in a panic it might force him, often did force him, to dump his cattle or crop or something on the market when he ought to have held it. For instance, every man who has sold cotton at ten cents a pound, $50 a bale, sold for less than the cost of production. It is little less than criminal to make him sell, because everybody knew the price would and must go up. Take the case of wool. Wool was down to nothing, and if a man had his wool hypothecated or is in debt to a bank, and he was pushed, he might have to throw that wool on an absolutely reluctant or depressed market, when he knew and had reason to believe that Congress would put such a high duty on wool within a short time that he could sell it at a high price.

By Mr. Caldwell:

Q. If he is compelled to put it in a reluctant market, it would have the tendency to further depress it.—A. To further depress it. Well, the condition was one of utter panic, of utter demoralization, and as an emergent measure Congress revived and put into force what is known as a War Finance Corporation. That was a corporation, all of whose stock was owned by the Government, a Government-owned corporation. The Government subscribed for $500,000 of stock.

By Mr. Sales:

Q. How much?—A. $500,000,000, I mean. And they practically authorized that corporation to go to the relief of agriculture, to finance exports, to lend money on documents, shipping documents of every kind, and to lend money to the co-operative associations among the farmers and other growers, to re-discount the farmers' notes, with which the little country banks were flooded, give them a chance to breathe, give the farmer a chance to breathe until he could turn around. In 1921, I think, tobacco had no value. They set one cent a pound, but it would be like quoting the common stock of the Canadian Northern Railway, or the Grand Trunk Railway. You mark up something on the board, but you could not sell it at all. Well, those men seemed to be facing utter ruin. They got together and formed a strong co-operative marketing association. The War Finance Corporation loaned them $40,000,000.

Q. Where were the goods they loaned it on at that time?—A. I think the warehouses held the tobacco mainly. There may have been some in the fields.

Q. They were not on the farmers' own premises?—A. Money was loaned to the co-operative associations and they were supposed to have possession of this

tobacco. Still, when they had $40,000,000 to sit in the game, the buyers had to do the worrying. The world had to have tobacco and these men did not have to sell it until they got a fair price. The same would be true of cotton. The world would stop if it could not get cotton, but the poor darky or white in the south with only a few bales to sell, money borrowed on it in advance, money generally advanced by a factor, well, they hounded him into selling it.

Q. Tobacco is practically confined to this continent, also the growing of cotton. You could not apply a system like this to wheat, which is a world's crop, for instance. I suppose where you get a crop where there is a surplus, the situation is somewhat different. In the case of wool, they do not export, but the amount of wool only meets about half of the domestic demand. It is quite easy there to regulate the price of wool, with the help of the tariff, at least. The same is true of rice, and many other things. I was just wondering whether you thought it could be applied to wheat, as well as tobacco, cotton and wool? —A. Some of the co-operative market associations have fallen down badly on wheat in the United States, very badly; there is no doubt about that, and even the Government's handling of it was a terrible botch. The farmer did not get the money. There is a large amount of money now in the United States Treasury belonging to the farmers. Nobody knows what farmers. I think they took $20,000,000 and gave it to the starving Russians a year ago as a present from the farmers, but they had no way of distributing it.

Q. Can you say why they failed in one commodity and succeeded in another?—A. You mean the co-operative movement?

Q. Yes.—A. The co-operative movement cannot succeed anywhere until they hire the proper men to run it. In the old days they got together a certain number of farmers and formed some co-operative things, and one of their members or his son or his brother-in-law or somebody else was put in charge. It was assumed that a man who could read and write and figure could look after the thing, but the producers now are paying very high prices and getting some remarkable men. But of course when you see the position of the fruit growers in California, the apple growers in Washington, rice growers, tobacco growers, peanut growers, they have been wonderfully successful. There is no doubt about that.

Q. You would not exclude wheat from this principle, providing they hired the right kind of brains?—A. No, I do not see why a principle that is good should not work all along the line. The trouble in the United States up to recent years has been that the people who studied the subject studied the English authors who addressed themselves to co-operation from the consumers' standpoint. When you get a co-operative movement among producers, you do not want to look at it from the consumers' standpoint. You are simply cutting your own throat, and yet they have run it for years right along that line.

By the Chairman:

Q. That statement is not liable to make the consumers very enthusiastic about co-operation?—A. I think the consumer has lost all power of resistance.

By Mr. Elliott:

Q. Mr. King, would not the handling of our product in a co-operative way reduce the cost to the consumer; give us a higher price and at the same time reduce the cost to the consumer?—A. That is the idea, because the middleman usually buys at a comparatively low price and sells at a comparatively high price, and the producer dumps his stuff on the market when it is shipped and the middleman holds it until the demand for it is more or less scarce. The key idea of the co-operative market is to not have the price going up and down, but to

put the goods on the market in an orderly way, so as to keep the price fairly uniform.

Q. It would regulate the price the year round?—A. The year around. Feed it out as the demand arises for it.

By Mr. Sales:

Q. You think the idea should be that under our present banking system demand and other loans shall be cleaned up. Take wheat for instance, do you say in this case that the man shall clean up at the end of the year? This dumps the product into the market and it affects the price?—A. I think there is no doubt about that. As I was saying, this War Finance Corporation undoubtedly cured the situation. The farmer commenced to revive, prices commenced to get better, the buying power of the farmer to some extent was restored; merchants took in more money, the factories began to re-open, and conditions have very very greatly improved, but of course this sort of thing could not go on forever. This War Finance Corporation happened to have a man of wonderful ability, a banker of international reputation, a man whose time, I suppose would be worth $100,000 a year to any corporation, and his idea was that a new banking system had to be set up immediately or the live stock business would be ruined and the farming business would suffer great distress.

By the Chairman:

Q. What was that gentleman's name?—A. Eugene Meyer, Jr. He belongs to probably one of the oldest and most famous banking firms in the world. He is a member of the Cesare firm of Paris. He is a man whose opinion with respect to conditions in Wall Street would command some respect, and he is a man who, over his own signature, warned the President of United States after having travelled throughout the country, that a banking system would have to be set up to meet the peculiar needs of agriculture, and that is certainly very significant. Thereupon Congress endeavoured to set up this machinery—.

Q. May I just interject a question here, or rather an observation. I presume it is true in the United States as here, that the mass of their banks are commercial banks, catering to commercial business. Am I right?—A. Yes.

By Mr. Caldwell:

Q. Business with a quick turnover?—A. Yes.

By the Chairman:

Q. You said he had gone over the country and had made a recommendation over his own signature to the President of the United States that it would be necessary to have another banking system?—A. Yes. Not necessarily to relieve the farmer, but to deal with the farming constituency, which could not do business on thirty, sixty and ninety day maturities, at all.

By Mr. Caldwell:

Q. I think you told us that the action of the War Finance Corporation made conditions better, not only for the farmer but for the business men?—A. Yes.

Q. Due to the fact that it increased the farmer's purchasing ability?—A. Yes.

Q. It relieved the farmers. You say some of the banks are very small? —A. Some of them have not more than $10,000 or $15,000 capital.

By Mr. McKay:

Q. Did that $500,000,000 all come back into the coffers of the United States?—A. Reports are being published of course from month to month, I notice, for example, that loans made to the farmers' co-operative associations for export purposes—the last report I saw indicated that all had been paid back except $3,000, but that is what they call a revolving fund. If Mr. Meyer collects $20,000,000 from the cotton grower, he does not run to the Treasury with it, because there may be a corn grower across the street who wants it just as badly, and there is no doubt the Government will make money on it.

Q. This was not a gift?—A. No, he did not deal, only in exceptional cases, with the farmer direct. Much of this money was loaned on warehouse receipts or on shipping documents of one kind or another. He was supposed to get six per cent, but I know in some cases he got more. There were some live stock companies, live stock loan companies, in pretty bad shape, and he charged them as high as eight per cent. I remember his describing one transaction, in which he said that he had not collected quite the full amount of the principal but that having charged eight per cent instead of six per cent he had to hand to the Government more money than they expected.

By Mr. Sales:

Q. And he regarded that as a more risky business, and charged the high rate. Is that the idea?—A. Yes, he thought there would be some—this particular concern, I think, was very heavily loaded up; it had discounted paper far beyond its capital, grossly in excess of what they should have attempted to handle, and made themselves liable by their endorsement for huge amounts to those banks and so on. I was surprised to learn that before the war the live stock business in the United States was largely financed by European capital. The accommodation, the money that live stock men needed, they got from live stock loan companies, and these live stock loan companies in turn were largely financed by European capital. Now Mr. Meyer pointed out that that fount of credit became dried up, that the situation would be critical unless somebody was found to supply credit to the cattle growers, and that they could not borrow money for thirty or ninety days. They often needed money for one, two or three years.

By Mr. McKay:

Q. That condition would be likely to occur in all times of depression with agricultural credit on long terms?—A. Yes.

Q. They would have to carry it over years of depression and it might entail Government intervention in any periods of depression?—A. I do not think any one will dispute the fact that Congress acted very wisely in coming to the relief of agriculture in 1921. I will say there were hundreds of men who committed suicide—

Q. The point I am making is this, if the farmer has paper out with his signature, and great depression exists and he would have to carry over certain lines of production, that would lead to many collapses, would it not?—A. There are so many men in this world who are solvent in one sense and not in another—they are solvent in having real assets, but they are insolvent if you apply the test of their immediately meeting all their liabilities and very often it is a great help, a real benefit, to a man to be tided over.

The CHAIRMAN: May I just make this suggestion. Mr. King is putting the whole thing, as he sees it, very clearly before us. I think perhaps it might be just as well to let Mr. King continue until the end, taking notes of the different things we wish to emphasize, or have further explanations about, after he has finished, if that is satisfactory to the Committee.

Mr. McKay: I think he is pretty well through.

The Chairman: He is going to tell us about Mr. Hoover's barren area, credit and war finance.

Mr. Sales: And Mr. Meyer's new banking system.

The Witness: I say the banking system which is operating and will operate for another year, was a temporary measure. Congress then tried to erect permanent machinery to provide for the farmer, men in the farming business, banking accommodation corresponding to what the Federal Reserve system gives to the merchant, the manufacturer, that is, to lend him money when he needs it, until he can turn over his stock of grain or something else. Now, for some reason which I never understood, instead of calling it a new banking system, they tacked it on to the land bank; that is, they provided that every one of these land banks should have a personal credit department, but they are utterly separate, have no connection whatever, so they may be regarded as practically twelve new banks, under the direction of the Federal Farm Loan Board. Now, to these twelve banks, the Government advances, that is buys their stock to the amount of $5,000,000 each, or $60,000,000 in all. That is their marginal capital. They receive no deposits, but they undertake to rediscount paper given for agricultural purposes or for the raising and fattening of live stock with a maturity of not less than nine months nor more than three years; that is, they rediscount this sort of paper for the bank. If you went to a bank in the United States or Canada and wanted to borrow money for a year, they would say "well, we cannot lend you the money for a year, because these are demand deposits; this money may be called for; we cannot have it hanging around for a year"; but if that bank could get the note rediscounted, that even would be done away with. Again Mr. Hoover held, and a good many other people also, that farmers had no right to expect the commercial banks to lend them money in this way. There was need for agricultural credits running from one to three years, but it is not the sort of credit, in his opinion, which should be extended from demand deposits. It should be extended from investment capital. Therefore these banks, as a discount and rediscount, on secured collateral, issue their debentures which they sell to the public. These debentures only run to three years.

They get their money from the investing public; they do not have to take it out of loose deposits or demand deposits. They sell these debentures to the public, the same as the Land Banks, and that is the money they use. These debentures still have a ready sale, provided a debenture is security first to the farmer himself or the farmers' association, then the endorsement of the local bank; he has the marginal capital provided by the Government, they are made non-taxable, and I think they will sell at 5 per cent anyway, and probably 6 per cent.

Q. So that now the farmers are a fairly good risk—they will not lend to deadbeats?—A. When a farmer comes in and wants to borrow money from the local bank, he may not be ready to sell his crop, he may want to borrow $500 to put in his crop, to buy fertilizers, implements, or the like of that; he goes to the local bank, puts in his note, say for $500, payable one year after date and perhaps pays the local bank 7 per cent. They may take it around to the personal credit bank, or they may be satisfied with 6 per cent. The banker gets that one per cent for his trouble, his endorsement, and the like of that. Then of course they deal with the local co-operative associations; they lend them the money on warehouse receipts or upon shipping documents of any kind. They also rediscount the farmers' association's notes given by the members. These farm rural credit associations, I do not know how they will work out,

but it is sort of considered that this system will carry out in permanent form what the War Finance Corporation has been doing as an emergency measure, to enable the farmer to market his crops in an orderly way, the cattle grower to raise his cattle, and to cover the area of credit which up to this time has not been satisfactorily covered. I do not know that this is very clear, but it is about an outline of the scheme.

The CHAIRMAN: Before going any farther, I think both Mr. McKay and Mr. Gardiner, and perhaps some others as well, have been giving a considerable amount of study to the question of rural credits. I would suggest that Mr. McKay should first ask some questions of Mr. King, and when he is through Mr. Gardiner can ask some questions. We will leave the field to these two gentlemen first.

Mr. MCKAY: Mr. Chairman, I have no questions to ask of Mr. King. He has covered the field so thoroughly that he has covered every point I have read about or have any knowledge of, and he has exhausted, I think, every point.

The CHAIRMAN: Without exhausting himself, and certainly not exhausting his audience.

Mr. MCKAY: Not at all.

The CHAIRMAN: Now, Mr. Gardiner.

By Mr. Gardiner:

Q. There has been a Bill passed by Congress recently, I believe, with regard to long term credits, that is to say, a few weeks ago; do you know anything about that?—A. No. If you mean long term credits, I would refer to the Land Banks, which led for a number of years. The Bill just passed by Congress deals with what they consider intermediate credits, or personal farm credits.

Q. I have not got a copy of the other Bill here, but I wanted to make sure whether they have amplified the provisions of the previous Land Bank legislation?—A. They have to this extent, that the limit has been raised from $10,000 to $25,000.

Q. I mean long credit?—A. A man can now borrow $25,000.

Q. Is that an extending of the limits of the previous legislation?—A. I think so, substantially. The trouble is that the Senate passed three Bills, the Capper Bill, which was intended to permit cattle growers to form big associations and issue debentures more or less under Government regulation. Then there was the Anderson-Lenroot Bill; then there was the Storm Bill, making some amendments to the Farm Loan Act, I think probably extending the amount that could be borrowed. When they got to the House, the House Committee on Banking and Currency started to throw out the Anderson-Lenroot Bill, and there was something like a riot, and they had to back-water. They huddled all three into one Bill; that is, they tacked them right on to the Capper Bill instead of reporting them separately, which makes a sort of hodge-podge. I can give the stenographer a copy of the draft Bill reported by a gentleman of the Commission, the Anderson-Lenroot, which is very short and is no different in principle from the Bill finally passed.

(EXHIBIT No. 87 printed as appendix.)

By the Chairman:

Q. The Anderson-Lenroot Committee or Commission was a Committee such as our Committee here is?—A. A joint Committee of the two Houses.

Q. Which was investigating into agricultural conditions?—A. Yes. They investigated this credit problem of course, among others.

By Mr. Caldwell:

Q. What was the outcome of that investigation; were these Bills brought in by Congress?—A. When they reported that Bill the farmer bloc would not accept it at all; they did not think it went far enough, they thought it left the farmer too much at the mercy of his old friend the country bank, and they went to work getting up Bills of their own, any number of Bills, establishing Government Boards, something like an emergency corporation or the War Finance Corporation, having the Government deal directly with the producer, the farmer. Well, they have threshed around with these Bills and have tried to agree upon one, they have tried to agree upon something, but were unable to agree upon anything except that they would try the Anderson-Lenroot Bill—they could not agree upon anything better, or they could not think of anything better.

Q. Who could not agree?—A. The members of the farmers bloc.

Q. Among themselves?—A. Among themselves, and I called on Senator Capper just before Congress adjourned, I think in September, 1922, and he assured me positively, and I think in good faith, because he is Chairman of the bloc, that they would have a Bill on the first day of the Short Session in December. December came along, but no Bill appeared, and they asked Mr. Lenroot to hold up his Bill, and finally quite late, I think in January, 1923, the Anderson-Lenroot Bill and a dozen other Bills were sent to the Senate Committee on Banking and Currency. They had a number of hearings, and they finally reported the Lenroot Bill. The Capper Bill is not a rural credit Bill, it simply permits the formation of associations in the United States. On account of the Sherman Trust Law, the farmers have to be very careful about co-operative associations. They have been held up by injunctions and threatened with criminal prosecution and everything else, and Congress has had to pass special laws declaring that these co-operative associations shall not be considered as being in restraint of trade or tending to monopoly. At any rate, the Anderson-Lenroot Bill finally passed. There were many who were opposed to it; the Secretary of the Treasury and other prominent men were very much opposed to it. They thought the Federal Banking System was entirely satisfactory to the country; they thought that they might lend to the farmers a little more, but that the monopoly was all right the way it was. The farmers are bound to break that monopoly, because the deflation which led to the local banks pushing their borrowers, and the borrowers being forced to dump on a glutted market brought on a panic which required all this legislation and work and trouble to pull the farmers out of, and therefore they insisted upon having the monopoly broken to that extent, that they would have and must have some relief. Now they can go to the Federal Reserve Bank; take the co-operative marketing associations, take the cotton growers, the tobacco growers—their paper is eligible for rediscount up to six months maturity. The whole system, the way it has been changed, makes their commodities now practically the basis of currency, rather than gold. If any bank can go up to the Federal Agent with $40 in gold and $60 in good paper, commodities very often, because they are secured by warehouse receipts and the like, they will give $100 in Federal Reserve Bank notes, which are entirely good legal tender. They do not issue dollar for dollar; as a matter of fact, the Federal Reserve Bank has more gold than it has notes out, but the notes are not required, the notes are not based on gold dollar for dollar, but 40 per cent gold and 60 per cent commodity.

By Mr. Gardiner:

Q. Based upon approved securities?—A. Yes.

By Mr. Sales:

Q. Where did they get the $500,000,000 from, Mr. King?—A. As a matter of fact that happened to be left there. The War Finance Corporation during the war carried on very difficult and very important functions. The producers of the United States, the farmers and manufacturers alike, were exporting great quantities of stuff to Europe. This War Finance Corporation financed those exports. They might have to take Government bonds, Government acceptances or something else from the foreigners, but of course the domestic man wanted something, he did not want any notes, acceptances or bills of exchange, he wanted the cash. The War Financial Corporation did that—they were the intermediaries. They had a large amount of money to their credit, and perhaps made some money. At any rate, it so happened that in 1921 they had not been dissolved, and they had the $500,000,000. Congress therefore practically put at their disposal a billion and a half more, but they never used it at all; they took the $500,000,000 they had and made more or less a revolving fund, and have always kept more or less inside of it.

Q. Do they issue currency equal to their current capital?—A. No. They would never tolerate that, in the United States.

Q. Is there any country where they do tolerate it, Mr. King?—A. In England. The Bank of England is not a Government bank, it is a bank of the Government, and after a certain amount they, I think, only issue pound for pound; that is, they have gold up to 100 per cent of what they issue.

Q. Who is the printer, the issuer of the currency, in the United States?—A. The United States Government, to begin with, issues quite a number of what are called green-backs, that is, straight promises to pay $10 or $20. You will sometimes get hold of silver and gold certificates issued against coin in the Treasury. The National banks by depositing Government bonds to a certain amount, get notes printed by the Government, which their officers countersign, for a like amount. If the bonds come to the discounts, they have to put up more security, but the National Bank notes are practically Government paper, the Government prints them, the Government redeems them, and a bank gets no profit out of them, and as a matter of fact the circulation privilege is hardly used at all. Then the Federal Reserve Bank gets from the Government its paper, its national currency, United States money in Federal Reserve notes.

Q. So that the Government is the issuer of the currency?—A. Yes.

Q. What is that based on, the gold reserve; what is the limit to the United States Government printing and issuing currency?—A. I think there is no fixed limit, except in the case of the Federal Reserve Banks. They must have a gold reserve of forty per cent.

Q. The Treasury does?—A. I think there is some amount fixed. Of course they are rotten with gold over there. The gold far exceeds all the paper money, far exceeds it.

Q. So that this $500,000,000 they got on the billion and a half you spoke of is all money printed and issued by the United States Treasury?—A. Well, the $500,000,000 they got was real money; I do not know where they got it, but they probably got it from the European purchasers; they had it to their credit on the books of the Treasury Department.

By Mr. Gardiner:

Q. Were the banks of the United States enabled to print money in the manner the banks of Canada are, to the extent of their paid-up capital?—A. There was no exchange privilege at all.

Q. In other words, in order to get money to capitalize themselves they must put up approved securities for the notes they use in that way?—A. The only

banks that can be said to have any circulation are the National Banks, incorporated by Congress. They have to bring to Washington Government securities equal to the amount of the notes they would like to have printed. The notes are printed for them in the Treasury Department, although they countersign their names on them. But you see they get nothing; they might as well take the bonds and sell them, but the privilege is of so little use that a bank might issue a very large amount, down to a minimum of nothing. These banks issue no money at all, but they can get money from the Federal Reserve.. The surplus in the Federal Reserve Bank is over $3,000,000,000 in gold.

Q. It would seem then that the system is to all intents and purposes a pyramiding credit, to a large extent?—A. Well of course the idea was to utilize the credit of the Government, to make it of some use to the business of the country. There is nothing in the way of what you might call fiat money, or inflation. Every dollar of circulation in the United States is just as good as gold; there is not inflation in the situation whatever.

By the Chairman:

Q. Mr. King, have you considered at all the rural credit systems in Ontario and Manitoba?—A. Well, I cannot say that I have, to any great extent. Of Course when I heard about this Committee and learned that I might be summoned here, I naturally thought to myself or cast it over in my own mind, how far it might be possible to apply a measure like the Anderson-Lenroot Bill to Canada, whether it would be possible for example to get the chartered banks to rediscount long time paper, whether they would do it, and the like of that. I think the one essential thing is that this credit must come from investment capital rather than from demand deposits that are in the bank. I think a commercial bank taking demand deposits had better stick to what might be called liquid assets.

Q. Did you go sufficiently into the laws in regard to rural credits in those two Provinces to enable you to draw any comparison between the system obtaining in the United States and these two systems?—A. No, sir, I cannot say that I did. The point is made lately that the States ought to try to do something along this line, but the general consensus of opinion was that it should be a Federal matter.

By Mr. Caldwell:

Q. That is, in the United States?—A. Yes.

Q. Do you think the same thing applies to Canada?—A. I should imagine that if a municipality for example, did the lending, it would be pretty hard to get away from the individual citizen, I think there would be some trouble of that kind. The tendency in the United States has been in all this legislation to have the approval of both the Government and the operators.

Q. You do not think it would be practicable for a municipality to carry on this work as a municipality?—A. I do not think so.

Q. The fact is that you do not think that power should be given to issue bonds and loan money to farmers on a long term scheme; you do not think that is practicable, to make farm loans running thirty years?—A. By municipalities do you mean counties or cities?

Q. Counties.—A. To have counties issue bonds and lend money to farmers in those counties?

Q. Yes, to farmers in any particular county?—A. Well, of course if you run any business you have to run it in a business way. That is the thing to be feared in almost any governmental attempt. If you make any attempt to run it, I would go and put an experienced banker in charge of it, not an ordinary citizen.

By Mr. Sales:

Q. The first requisite would be to rediscount?—A. Yes. Banks must be compelled to keep a large amount of money lying almost idle, fearing some run or emergency.

By Mr. Caldwell:

Q. With regard to municipalities doing this work, would it not mean that each municipality would have to set up all machinery necessary to carry on this business; suppose you were going to cover Canada, or say even one Province, each municipality in that Province would have to set up separate machinery to handle that system?—A. If the municipality has to borrow money?

Q. In this case the municipality is authorized to issue debentures, raise the money, and lend it to the farmers?—A. It would be pretty expensive money, I would think. They say you cannot borrow money as cheaply in Canada.

Q. The cost of administration all over Canada would be excessive, in view of the fact that each municipality would have to set up separate machinery of itself?—A. Yes. They would have to get competent and skilful men who might be able to handle one province instead of one county.

By Mr. Gardiner:

Q. You stated a few moments ago that you did not think it would be advisable to expect the banks in Canada to rediscount long term farm paper? —A. I understand the banks here practically receive all their deposits payable on demand, or you might call them savings deposits. I have always checked against my savings deposits as I wanted to, and they are strictly demand deposits. I think, rightly or wrongly, that when you lend that sort of money you have to have pretty short term securities.

Q. I quite agree with you, Mr. King, but in order to create some machinery for say long term farm loans, you would have to create some different machinery, altogether different from the present banking machinery we have in this country? —A. When you say long term, do you mean two or three years?

Q. I mean 15, 20, or 25 years?—A. Lending on mortgage and so on? You see, as I understand it, they are quite distinct things.

Q. Absolutely; I agree with you.—A. A farmer may be a fairly good man, he may want to go to a bank and borrow $500. He is not expected to give a mortgage; his note is good. The only objection to the note is that it has so long to run, a year perhaps, or two years; that of course can be rediscounted and looked after in the same way. But when a man goes to borrow money for 20 or 25 years, of course nobody is going to lend it except on a first mortgage, which is an entirely different thing. I do not doubt at all that this Government or any other Government could make money out of Land Banks, lending money on long time on really first-class real estate security. That is a very simple and easy problem; the more difficult problem is, the intermediate or personal farm credits; that is more of a banking proposition; the other is purely an investment proposition. So that to all intents and purposes, as far as Canada or the United States is concerned, in order to take care of all classes, we need what might be termed the commercial banks?

Q. To handle long term loans?—A. Yes, I think so.

Q. Are you familiar with the workings of the Finance Act of 1914 in this country, whereby the banks are in posistion to go to the Treasury Board and discount their securities?—A. Of course that was taken bodily from the Federal Reserve Act, almost. The Treasury Board of the Privy Council was given authority to rediscount paper for the chartered banks and the banks availed themselves of it to some extent. There were reports made. They borrowed

some money, but I am told they did not borrow very much, or that they never will. They had to take Dominion notes for it, national currency. The one thing the banks do not want to have is Government currency in circulation, because their own circulation is worth at least five per cent to them, the circulation privilege, and you see they want to keep their own money out. You go to a bank; they will give you their own notes. If they went to the Government and rediscounted this stuff, they would get Dominion notes and they did not want to put those notes in circulation. What they did do, as I understand it, was to put them into so-called central gold reserve and issue their own notes against it. I have not looked lately, but I think you will find some time ago that while the Government circulation of Dominion notes is swollen to a large amount, there is just about a similar increase in the bank circulation, that is, they are issuing their notes against that national currency as so much gold, which I do not say is at all improper, but naturally they did not want the national currency. It was not to their interest to handle it.

Q. You think there would be nothing improper at all in the Treasury Board issuing Dominion notes against approved security, that is, proper security?—A. Well, the Treasury Board, as I understand it, is the Finance Minister, and any three members of the Cabinet that would be picked up. I think that is rather a loose system. The Government handling money has to handle it in a business way, and as a witness said the other day, a Government bank or a private bank has to run in very much the same way. It has to be run in a cold-blooded way. It cannot be run in a sloppy way. The Federal Bank paid as much as $50,000 a year for men, but the Government had made millions and millions of dollars out of the bank.

Q. Is it your contention that our Treasury Board system at the present time is run in a sloppy way?—A. Well, I never could find out what the Treasury Board did, to tell you the truth.

Q. As I understand, under the Finance Act of 1914, when the war broke out and the banks found it difficult to proceed with their business, they, by order in council, operated the Treasury Board for the purpose of issuing Dominion notes against approved securities, handed in as collateral.—A. I think that was the War Measures Act. There has always been a Treasury Board.

Q. That legislation is in existence at the present time?—A. I thought it had gone with the rest of the War Measures Act. I do not think the banks will take advantage of it.

Q. They do at the present time, and they say they are quite well satisfied with the system. These approved securities may be approved securities, either municipal, provincial, school bonds, or bills of lading, or farm produce, for instance, grain receipts. They can take all these to the Treasury Board and get them rediscounted, or in other words get an issue of Dominion notes against these securities as collateral.—A. What would they do with the Dominion notes? They would practically get authority to increase their circulation.

By Mr. Sales:

Q. That is the time we departed from the gold basis?—A. Yes.

Q. Do you think that has hurt Canadian credit at all?—A. Oh no, I do not think so.

Q. Do you think that it had anything to do with our money being at a discount in the United States?—A. No, I think that discount going back and forth was just a piece of neighbouring. People were simply robbed of that amount of money. Nobody in the United States had the slightest fear of Canada going bankrupt or repudiating her obligations. If you sold your Victory Bonds, two billion dollars or more, the people bought those bonds that were

sold outside of the country. They had no idea of coming here and levying on this building or seizing a wharf somewhere. They simply relied on the honesty of the Canadian people, and their children, that they would voluntarily tax themselves to pay that, which they have done. That is the basis of credit.

Q. You would regard a Canadian Government ten dollar bill, backed by all the assets of the country, as being more secure than a Canadian Bank of Commerce ten dollar bill, backed by the assets of the Canadian Bank of Commerce?—A. I should think so. Decidedly. Here is one thing people did not quite realize. I went through the failure of the Farmers Bank as a spectator, and I observed this. The Farmers Bank had actually collected about $150,000 in cash. They had some notes for more. They got those notes discounted for about five minutes and came down here and showed to the Treasury Board that they had $250,000 paid-up capital and $500,000 subscribed capital. Thereupon they were authorized to print money up to the extent of $500,000. Well now, people took those notes, and rightly so, and when the Farmers Bank failed people took it for granted that the other banks, in some way, were liable on those notes. Well, they might have been, but the assets of the Farmers Bank had to be exhausted first. Before the depositors got a cent, those notes had to be paid off. Well, the other banks simply took those notes and put them in cold storage. They drew five per cent.

Q. Explain where that cold storage is.—A. They put them away until the liquidator had sold out the assets of the bank and could pay them off. They never put them in circulation, of course not. They put their own notes in circulation. They put those notes away.

Q. Well, go on.—A. Well now, that struck me as rather a hardship. You see many bank failures in the United States, and there are hundreds of them. After all, when a bank fails there, if there is anything at all, the depositors get it. In the case of the Farmers' Bank, the depositors did not get a nickel, because all the assets of the bank were absorbed in paying off those notes, and a great many people did not realize that. They had a general idea they were guaranteed by the other banks. Well, they are, to a certain extent, but as a matter of fact, they are paid out of the assets of the defunct bank, they come ahead of the depositors.

By the Chairman:

Q. That has the useful result of making our bank notes a very sure form of currency.—A. In the case of the Farmers' Bank, the other banks for some reason or other, took those notes and put them away.

Q. Because as you say, they bore five per cent and because they were a first preferential claim on the assets of the bank, and I suppose the bank had a shrewd suspicion that the liquidation would yield sufficient to pay the bank notes.—A. What I had in mind was, I think the arrangement made by Sir George Foster some years ago, which required the bank, in the very unlikely case of the bank not having assets sufficient to redeem its notes, to pay into some sort of redemption fund until the notes are paid off, but I think the popular impression is that if a bank failed the other banks ought to take it up. There is no reason why they should.

By Mr. Gardiner:

Q. The redemption fund is available for that, is it not?—A. In case the assets fail?

Q. Yes.—A. Yes. It would be a pretty extreme case. I have heard a great many people speak in the highest terms, of the Canadian banking system, in the United States, especially the multiplicity of the banks. There are certainly

more banks here than there are in the United States, per capita, in the small sections, where they might not exist in the United States. I can see many great advantages and I can see a great many disadvantages in the unit system.

The CHAIRMAN: Have you any more questions to ask Mr. King, because I wish to hold a short executive session.

By Mr. Sales:

Q. I would like to get clear what Mr. King's proposal is as to farmer's credit. First of all, is the association composed of ten or more at the local—A. You are speaking of the long time credits, the land banks?

Q. I want to get them both clear in my mind. Take the local points?—A. The local board.

Q. Each man subscribes five per cent in stock of the amount, which varies. —A. It comes to that. The association, I think, subscribes it.

Q. He subscribes through the association?—A. Yes.

Q. Then you get into the regional bank, which you might call a provincial bank.—A. A land bank.

Q. And then it is rediscounted by the Federal Reserve Bank?—A. No. By the land bank. A separate system altogether.

Q. That land bank is financed by the Government?—A. That land bank is financed by the Government, by the sale of its own debentures against the notes and mortgages.

Q. Now, we will take the intermediate creditor. What do you call that? Is it the land bank again that finances that?—A. They call it a personal farm credits department. Quite separate from the land bank, but it is under the same general Board; personal farm credits department.

Q. That comes from that to this regional bank?—A. No, it is not a regional bank. Just twelve of them.

Q. You may call these provincial banks again?—A. No. There is no analogy at all with provincial banks. They are Federal banks.

Q. All under one jurisdiction?—A. All under one Board at Washington, yes.

Q. And that in turn loans what you call intermediate credit, longer than thirty, sixty or ninety days. Does this man have to subscribe again, or does the local association have to subscribe again?—A. That has nothing to do with the long time credits. It is an entirely separate and distinct system.

Q. It is the same people who handle it, as a separate department?—A. I think it was a great pity the two were bracketed together. There is no connection between them. There is first the Federal Reserve Bank. Now then, it is really one bank. I say they have twelve regional banks. I think they did that to get around—the Democratic party had always opposed the idea of having a central bank and they camouflaged it by saying "we will have twelve banks" but there is only one banking system.

By Mr. Caldwell:

Q. There are twelve branches?—A. There are twelve branches, or twelve forms, as we call them.

By Mr. Sales:

Q. Yes.—A. They are the banks of reserve, they are the banks of rediscount, the banks of issue.

Q. They receive no deposits?—A. They receive no deposits except from member banks.

Q. Then how do you reach people from the twelve regional banks?—A. They never see the people, never touch the people. They deal with member banks. They are banker banks. They do not deal with the people at all.

Q. The small country banks make loans to the producers and these banks rediscount the paper of the small country banks?—A. They rediscount that paper.

Q. In turn it is rediscounted by the Federal Reserve Bank?—A. No. We are still talking about the Federal Reserve Bank, and that is the weakness of the Federal Reserve Bank, dealing with the small country banker. To the cattle or wheat grower wanting long maturity, the Federal Reserve Bank says "we cannot touch that; it is too long; that is not commercial banking." Therefore they are instituting a third system which will deal in that kind of paper, which will be more especially the banker of the country banks.

Q. That will be a bank for the agricultural industry?—A. A bank for the agricultural industry, to provide credits for farmers.

Q. I agree with you that our short term credits here are no good to the farmer, and something else must be devised.

The CHAIRMAN: Are there any other questions?

By Mr. Caldwell:

Q. I think you said, Mr. King, that the Federal Land Banks are financed by the sale of debentures against the mortgages they hold?—A. Yes.

Q. Did the Government not put up the $5,000,000?—A. They bought stock.

Q. The Government did it?—A. Yes.

Q. Which gave them their initial capital to start with?—A. Yes. There is an initial capital of $5,000,000 to each of these banks; the Government will get that capital back, but when they start to sell these debentures they must show the public something; the public might say "You might make some bad breaks or losses, involving discount paper, you might not make any money at all the first year." They say "After all, you have this marginal capital of $5,000,000."

Q. Put up by the Federal Government?—A. Yes.

Q. As an initial capital, to start with?—A. Yes, but with the expectation that it will be—

Q. Absorbed by the business later?—A. Exactly.

By Mr. Sales:

Q. That would be $60,000,000 in all?—A. $60,000,000 in all. I believe there is a clause providing for double that amount if necessary, but some of those land banks have very little use for it.

By Mr. Milne:

Q. What rate of interest do those intermediate loans bear?—A. Well, they expect to charge one per cent more than they pay for the money.

Q. They would not expect to get that money as cheaply as they would for the long term loans, would they?—A. Yes, they would. They say a lot of people like it at three years. Of course the trust companies and the big concerns like this long time paper. They find a market for three-year debentures; you see that quite easily in the way these public certificates, temporary issues put up by railways and so on are taken up.

By Mr. Sales:

Q. You spoke of cattle associations. Will you describe how they form those associations?—A. Well, they are much like any other corporations, except that they are incorporated under an Act of Congress. They put in capital; the

cattle growers as a rule are wealthy men, they put in capital, they discount notes, chatel mortgages and other things for individual cattle growers, and they expect to issue and sell debentures to the public. There is no doubt the cattle business is a tremendous business and a profitable business, but it so happens that it was financed before the war, financed altogether before the war.

Q. They had these live stock growers associations?—A. Yes.

Q. In the ranching districts would a small farmer having ten or twenty head go into one of those associations?—A. No, I don't think so.

Q. They were composed of the big ranchers?—A. Of the big ranchers. They borrow enormous sums. I think the War Finance Corporation advanced $80,000,000 to the cattle growers of perhaps the State of Texas and contiguous territory.

Q. Would it be the men interested in the meat industry in the Old Country who would be advising Congress; you said it was European capital; can you explain that?—A. No, except that there used to be a great deal of surplus capital in Europe demanding higher interest. I understand that many of the farm loans in this country are financed from Scotland by people who never saw the country.

By Mr. Caldwell:

Q. How did the commercial banks view this new move of the United States Government to establish Land Banks and a third system of banking; were they favourable to it?—A. The bulk of the banks in the United States are very small banks, of course, and it is for their benefit, in a way. You take a small bank in a town, and there are quite a large number of farms in the territory around; that bank may have a very small capital, only $12,000 or $15,000, and their deposits may be very small, merely the savings of the people in that small locality. They would not have very much money to lend out of their own till, but if good farmers come in, good risks, farmers associations, they might lend $5,000, because they would get the money from the Government Bank.

By the Chairman:

Q. By rediscounting the paper?—A. By the rediscounting of the paper, and they would get one or two per cent for their trouble and for their endorsement. They would be doing in a small way what the Land Bank is doing in a big way; they are doing much the same thing, collecting money from school teachers and everybody else who will buy debentures, lending the money to the farmers, and taking a rake-off of one per cent.

Q. Am I right in my recollection that when the Woodrow Wilson Administration formed a Federal Reserve Bank System in the United States, it was done in the face of the most intense opposition on the part of the banking interests of that country?—A. It most certainly was.

By Mr. Gardiner:

Q. Do you think that that opposition was real, or was it merely superficial?—A. It was real. I have no hesitation in saying that if a man goes to write history in the United States a hundred years from now, and is only given a limited space, when he gets to the Wilson Administration, if he has a choice between the Federal Reserve Bank and the world war, he will leave out the world war; in fact the world war could not have been won if it had not been for the Federal Reserve Bank System. Some eighty or ninety years it has been a political football. Some of you are old enough to remember the Free Silver Campaign of 1896; that was the only one. In 1897 there was a currency famine. You could not get money at all, it did not matter what you had. If you had

money in the bank, you could not get currency, you had to go around and buy it off some bootlegger and pay him an advance on it. I knew a gentleman whose father had died away from home; he had on his person about $20,000 either in Government bonds or in bank certificates of deposits; he had to have some currency—it was almost like a tragedy—he had to pay $25 to get $300 in currency for three days, putting up collateral amounting probably to $10,000. You could not get money, money could not be had, and they could not make change. That was terrifying the people; the first time the parties came together they said that the thing had got to be serious, and they appointed a monetary Commission, which went all over the world, came to Canada; went to Europe, and they came back and recommended something not unlike the Canadian banking system. The President then said it must be a State Bank.

Q. What President said that?—A. President Wilson.

By Mr. Caldwell:

Q. What year was that?—A. The Act was approved December 23, 1913. It met with, first and last, violent opposition from the big banks, for this reason, that it hadn't the money the system should have, and that the practical result was going to be much the same, because the banking business of the United States has to be carried on in a certain way. I do not care what laws you have, whether you call your bank a correspondent, a member or a branch, the money will always be gathered up in the great centres and more or less distributed in places where money is high and property is raising in value and money or profit can be made easy. That will go on, no matter what system you have. These small banks have to have some place to deposit their reserves, and they must go to that place during a profitable period, not only to get the reserve but to borrow more money.

Before the Federal Reserve Bank Act was passed, these big banks in New York and Chicago for example were banks of reserve; they had thousands of country correspondents, and when the time came for the country banks to move the crop and so on they had it in their power to practically ruin them, if for any reason they wanted to depress or elevate the price of grain they could either restrict or extend credit, they had a monopoly of the credit, and the only thing is that the monopoly has been transferred from the personal banks to the Government bank. Some of the big banks and bankers, such as Mr. Forgan of Chicago, raved against it—they had to take him away for a while. Now nobody on earth would suggest going back to the old system. The only criticism is that it is not adapted for personal farm credits, to cattle men and farmers for from one to two or three years.

By Mr. Sales:

Q. Your own idea, Mr. King, is that the introduction of this system is going to be very benficial to the agricultural industry in the United States?—A. Well, I am satisfied that the need is there. Of course it is an experiment with many of the leadnig farmers and farmers' representatives.

Q. Are you satisfied that as far as it has gone it has proved beneficial?—A. You are referring to the long time credits?

Q. Yes.—A. On land?

Q. Yes.—A. It is an unqualified success; there is no doubt about that.

Q. It relieves a man a good deal from this borrowing on short credits too?—A. Yes. It is an unqualified success.

By Mr. Elliott:

Q. Is it not a fact that at the present time the Federal Farm Land System is loaning money to farmers on long term notes at 5½ per cent and selling

their bonds at 4½ per cent?—A. I know they are selling bonds under 5 per cent. I think they are only allowed to charge 1 per cent more to the farmer. I think that is right, or substantially right. I think there is no doubt about the land long time credit being an unqualified success.

By Mr. Sales:

Q. Is the farmer over there generally in poor circumstances; are the farmers leaving the land over there, the same as we hear of in Canda?—A. Well, I have heard about them leaving the land, and about deserted farms, but when you go out and try to get hold of one of them for nothing you do not find many deserted. I don't think there is a great deal in that; of course it costs so much more to live now. I remember when I was a boy a farmer went around in blue jean pants, with his hair sticking through his hat, wearing a dirty shirt spotted all up with tobacco; he was not supposed to have anything; he was supposed to be the laughing stock of the people. The farmer to-day of course has his modern house, his automobile like any other individual, and a good many other things, and it costs more for him to live.

By the Chairman:

Q. If there is any man on the face of God's green earth who deserves a dignified and a decent existence, it is the man who supplies us with our food?—A. Yes. While this may not be relevant, I would go so far as to say that there should be some sort of crop insurance by the Government. It does seem frightful that a man should labour for the community a whole year, and then by some act of God or through no fault of his own, get nothing for his labour.

By Mr. McKay:

Q. What do you mean by crop insurance, Mr. King?—A. Well, it is a mere thought of mine. A nation must have food. It means that these men devote their lives to this most useful service, and they should never be required to suffer for what they are not at all to blame for. I do not know how it can be worked out, but I have often thought of it.

By the Chairman:

Q. Did you know that by the Civil Code of the Province of Quebec if a tenant farmer loses his crop by a complete failure or a catastrophe, the rent must be reduced by law?—A. No, sir.

Q. That is the law of the Province of Quebec—which shows how fair and just the law drawn from the old Roman system is.—A. There is this to be mentioned too. Some of the farmers bought land at very fancy prices, in the United States, many of them, and I think they are to-day figuring on what you might call watered stock. Take the number of farms in the United States in 1910 and in 1920; you will see that there is but a very small increase, but the valuation has been increased by $30,000,000,000. It is the same old land, not as good as it was in 1910, but like everybody else they valuated it upon its earning power during the war, and that earning power has largely departed.

By Mr. Sales:

Q. Go back to the question of crop insurance, if you will. I want your thought upon this matter. Is it your thought that all the people of a nation, being interested in having a food supply, should also share in the insurance of that food supply, or rather that it should be confined to the men engaged in the production of the food supply?—A. Well, it seems to me a very harsh thing, inhumanity almost, that a man really serving the public all his life by

raising the food upon which the public exist, should perhaps lose his entire year's labour, and perhaps money on top of it. A soldier goes out; he works in the public service, the officers are pensioned. The farmer is not in the same position as a trader, because a trader will more or less skin a fellow if he can—he takes chances.

The CHAIRMAN: Are there any more questions? It is a little after one o'clock now, and I would like the members of the Committee to stay about five minutes for an executive session.

Mr. King, I wish, on behalf of the Committee and myself, to thank you very much for your attendance here. This has been a most instructive morning, and we are very grateful to you for the information you have given us.

WITNESS: It has been a great pleasure to me, Mr. Chairman, to attend this session of your Committee.

(The Committee adjourned until 4 p.m.)

Afternoon Session.

HOUSE OF COMMONS,
COMMITTEE ROOM 268,
THURSDAY, April 26, 1923.

The Special Committee appointed to enquire into Agricultural conditions throughout Canada resumed at 4 p.m., Mr. McMaster, the Chairman, presiding.

WALLACE RONALD CAMPBELL called and sworn.

By the Chairman:

Q. What position do you occupy in the Ford Motor Company of Canada?—A. Vice-president and Treasurer.

Q. Are you the chief executor officer?—A. Yes, in Canada.

Q. I presume you have prepared some statement which you desire to place before us. If so, I would suggest that you place it before us in the way that seems best to you, and then we will question you afterwards?—A. Well, that is not the case exactly; I was summoned down here—

Q. Would you prefer if I questioned you?—A. I would prefer it, if it is convenient.

Q. Mr. Campbell, your company is connected with Ford Motor Company in Detroit is it not?—A. Connected with it, yes. We have an interlocking directorate to a certain extent.

Q. Tell us to what extent?—A. There are three officers—Pardon me, not three officers, three directors connected with the Ford Company of Detroit, who are also directors of the Canadian Company.

Q. Who are they?—A. Henry Ford, President.

Q. He is president of your company too?—A. And also president of the Canadian company.

Q. Who else?—A. The names of the companies are different, by the way. It is the Ford Motor Company of Detroit, and the Ford Motor Company of Canada, Limited.

Q. Who is president of the Detroit Company?—A. Henry Ford is president of both companies—pardon me, Henry Ford is president of the Canadian company, and his son, Edsel B. Ford, is president of the Detroit company.

APPENDIX No. 3

Q. Henry Ford is president.—A. Of the Canadian company.

Q. Who else is connected with both boards?—A. Edsel B. Ford, Henry Ford is a stockholder of the American company, and president of our company.

Q. Is he not a director of the Company in Detroit?—A. Yes, on the two boards.

Q. Besides Henry Ford, who else is a director in the Canadian company?—A. E. C. Kanzler.

Q. Is he of Detroit too?—A. He is not a stockholder or director of the Detroit company, but he is a director of the Canadian company.

Q. He is not in the position of a director of the American company?—A. No, he is an employee of the Detroit company. He is a brother-in-law of Edsel B. Ford, by the way.

Q. It is a family connection as well as business?—A. Yes.

Q. He is an officer in the Ford Motor Company of Detroit?—A. No.

Q. An employee?—A. An employee.

Q. Who else besides Henry Ford is a director in both companies?—A. Henry Ford and Edsel Ford are the only two.

Q. You are vice-president of the Canadian company?—A. Yes.

Q. But you are not on the board of the American company?—A. No connection with the Detroit company.

Q. When was the Canadian company formed?—A. Possibly as you have thrown out a suggestion I could say this: The history of the connection is as follows: In 1903, my predecessor, Gordon McGregor, conceived the idea of establishing a Ford Company in Canada. He approached the Ford people, who were small at that time, and an arrangement was made whereby a company was to be established in Canada, as was done with a nominal capital of $125,000. Fifty-one per cent of that stock was assigned to stockholders of the Ford Motor Company, Detroit, at that time. At that time, the Detroit Company had some seven shareholders. This stock was given to them without monetary cost, and for which the Detroit Company assigned to the Canadian company rights to supply Canadian territory and the British Empire, with the exception of the British Isles, which territory we still serve exclusively.

Q. Did they transfer the patent rights?—A. The patents rights were all transferred.

Q. But no real money?—A. No money was paid.

Q. What amount of money was furnished by Canadian interests?—A. Forty-nine per cent of $125,000, some $63,000, not strictly Canadian, for subscriptions were taken at large, quite a number of them from the States.

Q. That was real money?—A. That was real money.

Q. Then, as I understand it, the company has had a very prosperous career, and has made a great deal of money?—A. The Company started business in 1904. The first year there was a small production, but we proceeded with more or less success, not with much success, I may say, until 1909, at which time the models we are now making came into being. They have been changed and modified to a certain extent, but fundamentally, they are the same motors that we made in 1908. Since that time, progress has been rapid and fairly steady. There was a certain decrease in volume during the war, but by and by it increased and the increase has been gradual and steady.

Q. You have looked over the evidence given by Mr. Deachman yesterday?—A. Yes.

Q. Were his figures as to the amount of money made by your company susbtantially correct?—A. Yes. They are public; our statements are issued broadcast.

Q. Quite so; there is no attempt to hide the fact that you have been prosperous?—A. None.

Q. Now Mr. Deachman, gave some figures as to wages; was he accurate in these figures?—A. Mr. Deachman dealt with conditions—

Q. Pardon me, I will change the form of that question. You may have figures relating to more recent years?—A. Yes, Mr. Deachman dealt with the tariff which we presented to the Tariff Commission on November 30, 1920. That is on file here, I presume; at least it would be available. I have amended certain figures, or brought them up to date.

Q. You may just bring them up to date, sir?—A. This (indicating document) shows that at the time this was presented to the Tariff Commission on November 30, 1920, the total wages paid since 1910—I did not go further back than 1910 because our operations were very small before that—but from 1910 until 1920 the total wages amounted to $26,915,000, or approximately $27,000,000. I do not think that these figures agree with Mr. Deachman's testimony.

Q. If there is any difference—and with the most perfect good faith in the world there is sometimes a variation when people testify—you may give us from your books the correct figures at that time. You are now giving us what?—A. I am giving you figures which are on record, showing the wages paid in 1910 and 1920 by our company. In 1910 to 1920 the wages paid amounted to $26,915,000. In 1921 the wages paid amounted to $7,165,921.

Q. That is, wages in 1921?—A. Wages in 1921. In 1922 we paid $5,669,000 odd. By the way, the periods I am now considering are our fiscal years ending July 31.

Q. When you say 1921, it means the year ending July 31, 1921?—A. Yes.

Q. The fiscal year?—A. Yes; the wages paid since August 1 last to the 31st of March, up to date, amount to $3,599,000.

Q. That is, up to date?—A. Yes, sir.

Q. Since the first of last August?—A. Yes, sir, a period of eight months, making the total wages paid since $1910 $43,310,000.

Q. That is, the total wages paid?—A. The total wages paid.

Q. Now, Mr. Campbell, while we are on the question of wages, how do the wages you are paying to-day in your factory at Ford City compare with the wages paid in Detroit by the Ford Company?—A. Our minimum wage is identical with theirs.

Q. What is the minimum?—A. Seventy-five cents an hour to start with, and 80 cents after a man proves up, that is, for the common labourer.

Q. The minimum the labourer receives is 75 cents?—A. Seventy-five cents probationary wages, and 80 cents confirmed wages.

Q. Is that per hour?—A. Per hour.

Q. Even to the man who sweeps the floor?—A. Yes.

Q. For the commonest labourer?—A. Yes.

Q. That is the minimum labour wage?—A. The minimum labour wage.

Q. Is that for eight hours, nine hours or ten hours?—A. Eight hours.

Q. That minimum is the same in both plants, I understand?—A. Yes.

Q. Are the other wages the same, the wages paid to other types of labour?—A. Yes, to other types of labour.

Q. They are the same?—A. Yes.

Q. Exactly?—A. Approximately the same.

Q. If you would not mind, please indicate whatever difference there is, no matter how slight?—A. I can say yes in the case of labour, but not in the crafts; I would not say in the crafts.

Q. But ordinary rough labour is the same?—A. Yes.

Q. Now take the crafts; what would crafts mean, in your business?—A. Designers, tool makers.

Q. What else?—A. Tool designers, draughtsmen, engineers.

Q. What do they do, the engineers?—A. Well, in a concern the size of ours their activities would be limited, but in a concern such as there is on the other side, there would be an engineer in practically every department.

Q. What would he do?—A. They would have a power house engineer, power plant engineers, electrical engineers, civil engineers—an engineer practically of every type.

Q. The engineers would be the men in charge of the motive power driving the factories?—A. That would be one branch. We would have another engineer perhaps laying out the internal organization, the machinery, and so on. We would not have engineers going into such elaborate details on our side, of course.

Q. Now take the designers; what would they be paid by you, and how much would they be paid in Detroit?—A. We do not do that on our side; that is fundamental to their side.

Q. They supply the designs?—A. They supply the designs.

Q. Now take the tool makers in Ford City, and what would they get as compared with Detroit?—A. I could not say exactly that the prices would be the same on both sides of the river. We pay prices of expediency. If we want tool makers we go on the market and get them. If there is no labour shortage, we can engage them at current rates, $1 or $1.10 per hour. That condition would prevail equally on both sides of the river.

Q. You have been connected with the Company for some time?—A. Yes.

Q. What have you calculated upon being able to get tool makers for at Ford City, less or more than at Detroit?—A. About the same.

Q. What about tool designers?—A. The same thing applies as to designers. We would not have tool designers; that is fundamental to our connection over the river.

Q. Now take draughtsmen?—A. The same thing applies.

Q. What about engineers?—A. We have one engineer, a composite man covering all these activities, or possibly two men, whereas on the other side they would have a specialist in every direction.

Q. Do they have to go over your work?—A. No, I would not say so.

Q. I gathered that although the ordinary rough labourer was paid indentically the same there would still be some difference, although not very great, in the crafts, but when we come to pick out the crafts one by one, so far we have not found any case in which you can tell us that you have to pay less or more than they pay in Detroit?—A. I do not think there would be any difference. I think we could go out and get men at the same price they pay in Detroit, more or less.

Q. I suppose if they paid more in Detroit the men would establish themselves in Detroit?—A. Yes. It is the same labour market, practically.

Q. The next thing that enters into manufacturing, after labour, is material?—A. Yes.

Q. How do your costs of material compare in Canada with Michigan, or over the river?—A. They are higher.

Q. You have to pay higher prices?—A. Yes. Our total material entering into the product is higher.

Q. Would you mind dissecting your material costs for the ordinary touring car, and give me what you have to put in, or what you have to pay in Detroit and what you have to pay in Ford City?—A. I will have to cover some data, Mr. Chairman.

Q. That is all right; we do not expect that even the Vice-President and Treasurer carries all these things in his head.—A. If you do not mind, I will take the standard Ford touring car with starter, as a concrete example. Similar conditions would apply throughout, more or less. I cite that because it is a larger seller of any of the simple models. I show here what we term plant cost, which is material and labour for the months of December, January and February. Our Canadian cost of material and labour was $293 in December as against $221 in the United States, a difference of $72.

Q. That is a little different to the way I intended to proceed, but we will proceed in your way, and then perhaps get around to my way. In what month was that?—A. In December. There was a difference of $72.

Q. In 1922 the touring car practically was identically the same car?—A. Yes. For the purpose you want it, I think it was.

Q. Wasn't it identically the same car?—A. Well, not exactly.

Q. What was the difference, because before we start a comparison we must be sure that the things we are comparing are identical?—A. I believe the only difference was the fact that our body was fitted with four doors as against a three-door body on the other side.

Q. Is that the only thing? I would like to be sure about that, because it seems that the whole of our inquiry along these lines is based upon finding that we are deading with precisely the same article.—A. There is a slight intrinsic value more in our car than in theirs in the United States, but I do not think it is of enough consequence to make any difference, and I am willing to waive it.

Q. I do not want you to be unfair to yourself, Mr. Campbell.—A. Commercially and as the public know them, the cars are the same, and we are willing to concede that they are the same.

Q. Although you have four doors to your car while they have only three to theirs?—A. Yes; there is one blind side. We can use it with a right or left hand side. We serve a territory which requires a right and left hand control, because Canada likes left hand control cars, and we do that to obviate the necessity of making two bodies.

Q. Proceed along your way, Mr. Campbell.—A. They are similar and identical.

Q. In December, 1922, it cost in Detroit to make one of those cars how much?—A. It cost $72 less than in Canada.

Q. Will you let us have the figures?—A. It cost $293 in Canada and $221 in the United States, that is, for material and direct labour.

Q. You say that that is made up of direct labour?—A. Yes.

Q. And material?—A. Yes.

Q. The difference will not be found in labour, because you are not paying any more than they are paying in the United States?—A. No, sir.

Q. When you say direct labour, you are differentiating that from overhead?—A. Yes, sir.

Q. Is your proportion of overhead higher than it is over there?—A. Yes.

Q. How much?—A. I thought probably you might want these other figures in a moment, if you would care to have these other two months.

Q. Let us take the other two months.—A. I would like you to get the other two months, Mr. Chairman. In January the cost in Canada was $292, and in the United States it was $234, a difference of $58, and in February the cost in Canada was $293, and in the United States $235, a difference of $58.

Q. Your costs were going up, and their costs were going down?—A. The difference in those two months was $58.

Q. It is rather striking, the similarity, that the Detroit costs went up $1 and your costs went up $1?—A. I might say that we collaborate in our buy-

ing as far as possible, where it is done in the States, we co-operate with their purchasing department, and we can get the advantage of any of their sources of supply.

Q. It is collective purchasing?—A. Yes.

Q. You do not have manufacturers in the United States looking at questions of good buying collectively, in that fashion?—A. We do not buy much material.

Q. You make it?—A. Where we can buy in Canada we do so. I may say that it is fundamental to our operations, everybody has had instructions to that effect. If they can buy a dollar's worth in Canada with fair competition, it must be bought in Canada.

Q. If you can get as good prices in Canada, you must buy in Canada?—A. We must buy in Canada, and we have done so over a period of years. Other concerns have come into Canada and established factories here, such concerns as the Gilmore Wheel Company, who have for a number of years made our wheels exclusively. Then there is the Fisher Body Company, which was established there some ten years ago, and up to a year ago certainly they never made a body for anyone excepting ourselves. The American Auto Trimming Company, a company which makes body trimmings, set up a factory, and various other concerns have set up factories in Canada.

Q. There was a difference of how much in those three months; there was a difference in one month of how much, $72 was it not?—A. $72, $58 and $58.

Q. Have you any explanation to offer as to why the cost in Detroit took such a sudden advance in January over December?—A. No, I cannot explain that, except that it might have been that we were stepping into a rising commodity market, which has been continuing since that time. It might be that their stocks were higher than ours, consequently the increase might not take place in the same period exactly.

Q. Now, there is a difference, you say, in the cost. Will you just dissect this for me in respect to material? Before we start with material, would you tell me what would be fair to charge against Canadian cars, as compared with American cars, in respect to overhead. You say your overhead is a little higher here than it is in Detroit?—A. Yes, and it is a difficult story to tell convincingly However, it is a truth, and anybody who has had experience with large production, or with small production, or with both, can of course see it intuitively. The matter of overhead, without question of doubt, is based on volume. The answer is to be found in the volume of business. I have a reference with me here that I put before the Committee three years ago, and I believe it still holds good. I am citing a concrete example that has come under observation in our plant. When our manufacturers were manufacturing a car frame, a very large and elaborate equipment was necessary. The value of machinery and tools amount to $991,000. The capacity of this equipment is 85 car frames per hour. Our total requirement, however, amount to only 25 frames per hour. This is three years old. I am giving this as a matter of argument.

Q. You can use it, but if the figures that are in your mind are up to date, you might just give them.—A. On the basis of producing 25 frames per hour, we have a productive labour cost of $20.50 per hour, and an overhead of $56.58 per hour, a total for both of $77.08, which represents a total cost of $3.08 per frame. Were we to operate on the basis of 85 frames per hour, which is the capacity of the equipment, we would have productive labour of $69.70, and an overhead of $113.16 per hour, total of both $182.76, or a total cost of frame of $2.58, a reduction of 93 cents per frame.

Q. If you could run with equipment at capacity?—A. Yes. That is one concrete example.

Q. Yes. I can well recognize that you are getting down to exact figures, but with your very systematic bookkeeping you will be able to give us a very close idea what is the difference of overhead on the car between Detroit and Windsor?—A. Yes. Overhead, United States, month of December, and production of 124,975 cars was $43 per car. Canadian, same month, production of 3,137 cars, $204 per car. January, American production, 109,009 cars, overhead $44. Canadian production, 5,750 cars, overhead $123. February, American production, 122,444 cars, overhead $43. Canadian production, 6,567 cars, overhead $98. Now, with production such as we had in December, 3,100 cars, that does not represent a sufficient output to keep our heads above water, as evidenced by our overhead. It would swamp us. I venture to say that with a total output of 35,000 cars, we could not make a cent at the present time. You noticed that we doubled our output, or a little more than doubled it in February. Our overhead was less than half for the month of March, but I have not got the figures with me. It was about $80.

Q. That is going down all the time.—A. Yes, as the volume of your output goes up, your overhead goes down.

Q. I had the pleasure of being in Windsor a few months ago, and I saw very large preparations being made for building a tremendous factory for your company. What do you expect will be your monthly output when you get that finished?—A. The largest output we have had in twelve months was 55,000 cars, which occurred in the year 1920.

Q. Have you got what your overhead was in that month?—A. In that year, I have not.

Q. Was that yearly output?—A. That is a whole year.

Q. Well now, to come back to my question. You are expecting to have a monthly output of what, when you get your new plant going?—A. We hope to have an annual output of about 90,000 cars. We are equipped for that. If you will allow me, and I want to go on record to this effect, the hardest competition we have to face in the motor industry is our parent company. It is the only competition that gives us a second thought, for this reason that in the year 1911, when Ford in the States had an output of 66,000, which is easily 20 per cent in excess of anything we had produced, yet this car was sold at $660 in the States, and in Canada for $440. His selling price was about 50 per cent greater than ours is in Canada. Since that time, as you know, and everybody knows, Ford's ambition has been to reduce the price of his product, and we know that to legitimately stay in business, we must produce that article in Canada on a basis which will be of some benefit to Canada as against the other car and the payment of the tariff. It has been keen competition for us, and during the war the last construction we did was in 1915. We have seen, however, what the Ford production has been year after year in the United States. During the period that we had been making about 50,000 cars a year, the United States figures it something like this: 1912-1913 Ford made 181,000 cars in the States. The next year 265,000, the following year, 283,000. The following year 534,000. The following year 785,000. 1917-1918, the year the States went into the War, 708,000. 1918-1919, 537,000, 1920, 1,074,000 cars 1921, 1,013,000 cars. 1922, 1,232,000 cars, and this year they are now running at 6,350 cars per day, and have on their books orders for 290,000 cars for next month, just about twice as many as they can make. Now you know why in the States the price for touring car is $298.

Q. Would you mind if we did not go into that just now? I asked you what your overhead would cost when your estimated output comes into effect. You say your overhead cost per car is $98 as against the American $43?—A. Yes.

Q. Now, what overhead costs do you expect when you get this large factory put up which is in course of erection now?—A. I am afraid to estimate. I cannot do so.

Q. Well, what are you going to have as a monthly output, do you expect?—A. I hope for 7,000 cars.

Q. Well, now, what was the last month's output that brought it down to $98?—A. 6,567 cars.

Q. Well, when you do better than 7,000 cars a month, if you are doing over 6,000 now——A. That is sales, by the way. You see, during a certain part of the year we pile up stocks.

Q. Well now, this overhead, does that include the selling cost?—A. Yes.

Q. Well now, let us describe this overhead a bit more. Overhead is divided in your books in what fashion?—A. Manufacture and commercial.

Q. Let us take last month's figures. Would that be a fair month to take? A. In what respect?

Q. When we come to manufacture and sale overhead?—A. No, it would not, you would have to take the year. You have to take the cycle.

Q. You have got your figures for the last statistical year. Would that be the fairest way?—A. No, the fiscal year would be all right.

Q. Well, let us take the last fiscal year, so that it will bring us up to date as possible. Take the fiscal year that ended the 31st of July, 1922, and you will give us what the overhead cost was for the whole year—the gross overhead, so to speak. Just take your time to find out. That is what I want to base my inquiry on.—A. Yes, here we are. You want the overhead for a period of a year?

By the Chairman:

Q. Yes, we asked for the 31st of July, 1922.—A. For the year ending July, 1922. During that period, we sold 45,000 cars, and our total overhead for the year was $104 per car.

Q. Your overhead was $104 per car?—A. Yes.

Q. Now, sir, will you dissect that overhead into manufacturing overhead and commercial overhead?—A. Yes, just a moment, please. That is $88 manufacturing, and $16 commercial.

Q. $88 manufacturing overhead, and $16 commercial; what is the commercial overhead composed of?—A. Everything pertaining to the selling.

Q. Advertising?—A. Yes.

Q. Commercial bookkeeping, too, or is that manufacturing?—A. A certain amount of that would apply to manufacturing.

Q. Then part bookkeeping—I will put it part accounting and advertising?—A. Yes.

Q. And then would there be commissions on sales, or do you not sell that way?—A. No commissions.

Q. So the commercial overhead is part accounting and part advertising?—A. Yes.

Q. Anything else?—A. Travelling, the upkeep of branches; we have seven or eight branch offices in Canada.

Q. Now, let us look into this thing a little further. What was the price of your car during 1922? Take the whole year, we are dealing with the whole year.—A. Yes, you want this same touring car with starter?

Q. Yes, we are dealing with that as your typical Ford car, the standard Lizzie, as it were.—A. $620, up to September.

Q. $620 up to September?—A. After that it was $530.

By Mr. Caldwell:

Q. Is this price F.O.B. your factory?—A. Yes, this is the advertised price, without sales tax or luxury tax.

By the Chairman:

Q. That is to say, it was just for August, was it; it was only for one month at $620, and then went down to $530.—A. No, our price from the first of the year up to September was $620.

Q. Your fiscal year 1921 ended on the 31st of July. That is the whole of your fiscal year?—A. You asked me the price of the car.

Q. Put it this way, how many months did you have a price of $620, and how many months did you have the price of $530, in that fiscal year?—A. We did not have $530 at all that fiscal year.

Q. Then it was $620?—A. Yes.

Q. During that fiscal year, sir, what was the price of the sister car in Detroit?—A. It was $348—no, pardon me, it was $431.

Q. The difference, therefore, was $189, is that right?—A. Yes.

Q. $189. Now, your overhead accounts for $104 of that $189, leaving a difference of?—A. No, I would not say that. They also have some overhead, you know.

Q. The overhead in the United States is included in that $431, just the same as the overhead—Yes, I guess you are right. The price in Canada of $620 includes your overhead. Your price of $431 in the United States includes your overhead in the United States?—A. Their overhead.

Q. Their overhead in the United States. Now, let us dissect the price of $620, and then let us dissect the price of $431. How is the price of $620 made up? it is made of $104 for overhead, is it not?—A. Yes. Pardon me, will you ask that question again?

Q. Yes. We are taking your car which sold during that year for $620?—A. Yes.

Q. We are taking that as $620, the figure you gave?—A. Yes.

Q. Then we are going to make a comparison with the car made in Detroit at $431?—A. Yes.

Q. We are going to take the constituent parts of the Canadian car, which sold at $620. I think you told me your overhead accounted for $104?—A. Our average overhead was $104.

Q. Can you give me the average overhead on the American car?—A. No, I cannot do that, their figures are not available to us to that extent, but I believe the figure I have just stated for those few months would be about right, because the output is not radically different month by month.

Q. And the conditions are not radically different, either?—A. No.

Q. So, if we call their overhead say $43, would that be a fair average?—A. I think it would be approximately right.

Q. Then we will put in $43 for their overhead. Then the next item of expense, the next constituent after overhead is material and labour.

Mr. HAMMELL: Ask for the labour cost next.

By the Chairman:

Q. What would you say the labour cost was on the car? It is the same I know, but I want to find out so I can put it down.

Mr. HAMMELL: He gave us a figure of $293 as material and labour.

Q. You gave us a figure of $293 as the cost of labour and material, in December, 1922.—A. And in December—

By the Chairman:

Q. I am not dealing with December; I want, if you can give it to me, the average cost of labour which entered into a car during the year ending July 31, 1922. You have given me the price of the car, and the overhead that should be charged against that car in 1922.—A. That figure I have given you is the combined labour and overhead, which constitutes the cost. I have not got it segregated.

Q. What do you say your cost of labour and material was?—A. $295.

Q. $295?—A. But that figure was for December.

Q. What I want is for the year ending July 31, 1922, because you told me, quite rightly, that it is not fair to take one month.—A. No, I do not believe that figure can be had from any record I have here.

Q. Mr. Campbell, you have it for December of last year, you have it for January—A. I have it for December, January and February, labour and material.

Q. Then may we take it as fair to say that your material with your overhead and labour, or material and labour, direct labour and material for December, January and February, would be fairly representative of what you paid during the year which ended July 31, 1922, or is it a fact that labour and material have both substantially risen during the last little while?—A. Labour has not, no.

Q. Labour has not?—A. No not with us.

Q. Material fluctuates?—A. Yes, it fluctuates so much every week, and certainly every month or every quarter, that it is difficult to establish an average cost throughout the year.

Q. A careful examination of your books would show it, would it not?—A. Yes.

Q. I do not want to delay you now, but would you mind finding out for us and sending to me what it cost you in labour?—A. In labour?

Q. Yes; I would like if you would give us what labour cost in making up a car which sold for $620 in the year which ended July 31, 1922, then I would be glad if you would furnish us with figures for the material also?—A. You want labour and material segregated?

Q. Yes; we have already segregated the overhead, and not only segregated it but we have segregated the manufacturing overhead from the commercial overhead; I would like to have labour segregated and material segregated. I do not know whether there is any other element which enters into the cost of a car besides overhead, labour and material?—A. That is all.

Q. Those three things I hope will amount to something less than $620, so that your Company will have a profit?—A. I hope so.

Q. I would like to have you do the same thing as a director of the Ford Motor Company of Detroit; there must be some advantages from these interlocking directorates. I would like to have you do the same thing in regard to the car made in Detroit; their overhead is $43 as against $104?—A. Yes.

Q. A comparative statement right through in regard to those two cars, that is what we want?—A. All right, sir.

Q. If you will do that, we shall be obliged to you. Now, sir, your car made in Canada is protected against American competition in this line of cars by a duty of 42½ per cent, if I mistake not?—A. Entering into Canada?

Q. Yes?—A. Yes, sir. You are including the sales tax, are you?

Q. No, I am just taking the duty?—A. It is 35 per cent.

Q. Then there is a sales tax; what does that amount to?—A. 6 per cent. Then there is an excise tax.

Q. When the manufacturer sells an imported article?—A. Yes.

By Mr. Caldwell:

Q. That does not apply to cheap cars?—A. It is lower on cheap cars.

By the Chairman:

Q. What is that excise?—A. 5 per cent up to $1,200, and 10 per cent thereafter.

Q. Is there an excise duty in the States?—A. In the United States there is an excise of 5 per cent on the previous price.

Q. We need only deal with the tariff. The tariff is fixed on the retail price to the consumer, plus the excise?—A. Yes.

Q. Which is really regarded as part of the price paid by the customer to the United States manufacturer, and as such the basis on which the duty is estimated?—A. Yes.

Q. It is a 35 per cent duty, anyway?—A. Yes, sir.

Q. Do any Ford cars come into Canada?—A. Yes, I presume they do.

Q. But not in appreciable quantities?—A. No—at least not with the knowledge of the Detroit Company. They do not make any attempt to ship in here. I think they may come in without duty sometimes.

Q. The prices to-day of the American cars you have already given, and I will not go into that again.—A. I have the whole schedule here, if you care to have it, and I believe it is correct.

Q. Taking the touring car, you have placed before me a memorandum, which we will produce as Exhibit No. 88, showing that the United States price for a touring car with demountable rims is how much?

Mr. Caldwell: I thought it was $431?

Witness: With the starter it is $431.

By the Chairman:

Q. Do you put a starter on yours?—A. No, sir.

(Memorandum showing prices of automobiles marked as *Exhibit No. 88*).

Q. Will you sit down and tell us what the car costs in Detroit and what it would cost if it was brought in by a man who went over and bought one and brought it into Canada; show what it would cost him after he had paid the duty? —A. The price of the touring car with starter in the United States is $368; additional for demountable rims $25, total $393; 5 per cent excise tax on the dealer's price, which is 20 per cent off of that, $15.72. The duty on that $393 and $15.72 at 35 per cent is $143.05; import tax 6 per cent and excise tax 5 per cent on the original cost, on the excise tax and the duty is $60.69, making the total cost to the importer $612.46. That same car purchased in Canada would cost $530; sales tax 4½ per cent, and excise tax 5 per cent on the dealer's price $40.28, making a total of $570.28.

Q. A difference of how much?—A. A difference of $42.18.

By Mr. Sales:

Q. In favour of the Canadian purchaser?—A. In favour of buying a Canadian car.

By the Chairman:

Q. Mr. Campbell, let me ask you this quetsion; taking your material, what goes into the manufacture of a car; let us have that, not of course mentioning everything, but the main things. There is the steel that goes into the car?—A. Yes.

Q. Do you get that from the States?—A. There are a great many types of steel that go into the manufacture of the car.

APPENDIX No. 3

Q. I will tell you what I am driving at. I would like you to take your car and say that you have to get steel from such and such a person, that you have to get this or that from such and such a person, that you get such and such steel from the States, on which you have to pay a duty of so much; that you get such and such steel from England, and on that you have to pay a duty of so much, and go over the component parts of your car in detail, showing what cost the tariff places upon your raw material?—A. All right. I cannot cite you the individual rates of duty on every specific item that goes into a car.

Q. Tell us generally?—A. There are types of steel that have to be imported from the United States, that is, what is manufactured into bodies, tenders, hoods and so forth, finished alloy steel.

Q. Do the bodies come over shaped up?—A. No. I would like if you could get a mental picture of it. Practically every part of it is fabricated in Canada, whether the material is imported or not, or whether it is done in our own factory.

Q. When you tell us that, we will get a mental picture right away?—A. Practically nothing is made up.

Q. Tell us what you do import; take the steel first, the finished sheets of steel; do you remember what those are, taking them as they come into Canada? —A. No. I presume if you had the tariff we could find out. I imagine it is 12½ per cent.

Q. Steel sheets, fourteen gauge and thinner; are they thinner?—A. Yes, twenty gauge.

Q. Sometimes a thickness of one-sixteenth of an inch will make a difference in the rate you have to pay?—A. Yes.

Q. Perhaps this is the item:

> "Rolled iron or steel sheets and strips, polished or not, number fourteen gauge and thinner, n.o.p.; Canada plates, Russia iron."

Are these galvanized?—A. No, sir. I imagine the duty is 12½ per cent.

Q. "Terne plates and rolled sheets of iron or steel, coated with zinc, spelter or other metal, of all widths or thickness n.o.p.; and rolled iron or steel hoop, band, scroll or strip, number fourteen gauge and thinner, galvanized or coated with other metal or not, n.o.p., 7½, 12½ and 12½ per cent."

A. There are a lot of items there; that would cover a number of them. I think generally our steel comes in at 12½ covering fourteen bars and sheets.

Q. Bars too?—A. Yes, sir.

Q. Steel bars?—A. Yes.

Q. That goes into the body; is that what the axles are made of?—A. No, sir. The sheets go into the body, the axles are made of alloy steel, which postively cannot be made in Canada and cannot be had here.

Q. What do you have to pay on that?—A. I think that is also 12½ per cent.

Q. It would not be iron and steel railway bars: "Rolled iron or steel, and cast steel, in bars, bands, hoop, scroll, strip, sheet or plain of any size, thickness or width steel blanks for the manufacture of milling cutters of greater value than three and a half cents per pound, 7½, 12½ and 12½."—A. I think the 12½ is right.

Q. It is 7½ under the British preference?—A. Yes.

Q. Shall we say then that the tariff, generally speaking, on the material the steel that goes into the car is taxed at the rate of 12½ per cent; is that correct as a general statement?—A. I believe that is correct.

Q. Besides these steel bars and sheets, what other things do you have to import?—A. Practically that pretty well covers it.

Q. What parts do you import?—A. The only finished parts, absolutely finished and ready for use that we import now are carburetters and coil units, having a value of $15.

Q. You have to pay on those how much?—A. Either 27½ or 35, I am not just sure which.

Q. What do you buy of steel made in Canada, Mr. Campbell?—A. We buy springs and forgings.

Q. Who do you buy those from?—A. A forging concern which set up in Walkerville specifically to do our work over ten years ago, the Dominion Forge Company.

Q. Is it an allied industry owned by your own company?—A. Not in any way.

By Mr. Hammell:

Q. Do they work under a contract?—A. We contract direct.

By the Chairman:

Q. Have you ever compared their charges with what you could buy springs for and bring them in and pay the duty?—A. Yes; we are constantly doing that.

Q. Generally how much lower is the Canadian spring in percentages than the American spring?—A. It is not lower at all.

By Mr. Caldwell:

Q. That is, plus the duty, the American spring plus the duty?—A. Yes.

By the Chairman:

Q. What do you save by buying it in Canada rather than going over to Detroit and paying the duty and then getting it over?—A. Our line of attack on our sources of supply is to manufacture at a price that does not exceed the import price plus one-half the duty.

Q. You are not inferring that the duty is just twice what it should be; you do not infer that the duty is just twice as much as it should be?—A. I did not infer that.

Q. You say "Our line of attack." Those people who manufacture in Canada things for you which you could buy in the States, do you say to such suppliers "We will buy from you, but only at prices which will not be more than the American price plus one-half the duty"?—A. We do not put it quite that strongly.

Q. Put it again; that is the way I took it.—A. Our line of attack, I mean we attempt to buy on a Canadian basis from Canadian manufacturers at a price which will not exceed the import price plus one-half the duty.

Q. I will put the question in another way; when you do that, Mr. Campbell, do you feel that those manufacturers should be able to make a fair business profit by charging the American price plus one-half the Canadian duty?—A. I don't know that I have to solve that problem for them, Mr. Chairman.

Q. I just take it that you, as a man, who wants to live and let live, do not want people to sell to you below what you think will give them a fair trading profit; you want them to remain in business, as you want to remain in business yourself; you tell us with great frankness that your principle is, when you are buying from Canadian manufacturers, to say to them "Now, I will buy from you if you will supply me with goods at the American price plus one-half the Canadian Customs tariff"?—A. Those are not quite my words.

Q. But they represent your thought; put it again in your own words; I do not want to misinterpret you.—A. Our line of attack on these people in buying from them, assuming that there is always an attack between the seller and

the buyer, is to attempt to make that arrangement and buy at a price not exceeding the import price plus one-half the duty. I do not mean to say that we do not buy in excess of the import price plus one-half the duty; we do, many times.

Q. Tell me this; do you find that your attack is usually successful?—A. No, we do not.

Q. Usually do you have to come up a bit from that position?—A. It depends upon the competition, how long the people have been in business, how long they have been established there, how badly they want business. We are opportunists, I suppose.

Q. You are trying to get the very best value for your money, beyond doubt?—A. Quite so.

Q. That is your point of departure?—A. By departure you mean what?

Q. You start out with negotiating?—A. Yes, sir.

Q. With a new concern?—A. Yes.

Q. Do the new concerns fall for that?—A. No; we have had to increase our prices in a great many instances, because the equity has been shown to us. There would be no given percentage that would apply to all our Canadian sources of supply.

Q. Well, as a rule do you find that these gentlemen from whom you buy try to get up pretty near to the prices the goods would cost you if you brought them in from the United States and had to pay the duty; is that their point of attack?—A. I do not believe it is; I do not believe Canadians are made that way. I believe a man goes at his costs, and works from that more than anything else. I believe regardless of the tariff if a man can make goods and sell them at a reasonable profit below the American price, he will do so.

Q. Do you believe many of them have done that; do you think that is the way they usually look at this thing, the manufacturers?—A. They are traders, and they want to increase their business. If we could sell cars in Canada cheaper than they were made in the United States, we would do it, I would not care what the tariff was.

Q. The tariff increases your costs of production?—A. Unquestionably.

Q. You are selling a good many cars outside the country?—A. Yes. We are exporting about 3,000 a month regularly.

Q. They did not go to the British Isles?—A. They do not go to the British Isles, they go to the British possessions.

Q. The Ford Company of Detroit reserve the right to supply the British Isles?—A. Well, in the original agreement, which was a rather involved agreement, there was a clause whereby we were to participate in the business of the British Isles, to the extent that it would represent a comparison between the total business of the two companies, but for other considerations we later relinquished that claim to the British Isles, and it is now theirs exclusively.

Q. Like the triumvirate that were dividing the world?—A. Yes.

By Mr. McKay:

Q. On these cars which are exported at the rate of 3,000 a month, would you not get a refund of the duty?—A. Yes.

By the Chairman:

Q. Perhaps we had better ask you what the average refund would amount to, Mr. Campbell.—A. We are drawing back at the present time, I believe, $32.

Q. A drawback of $32?—A. Yes.

By Mr. McKay:

Q. What percentage do they retain?—A. One per cent.

By the Chairman:

Q. That practically represents what the increased cost of material is by reason of the duty; will you answer that question?—A. I did not quite get the question, sir.

Q. The drawback which you get from the Government on exported cars must represent pretty nearly the increase in the cost of material to which you are subjected by the duty on your raw material?—A. The raw materials we purchase in Canada also carry duties.

Q. It won't represent those?—A. We draw back there too.

Q. Not on what you buy from manufacturers in the country?—A. Why not.

Q. Will you explain that to me?—A. We buy forgings from the Dominion Forge Company; they buy their steel from Canadian concerns, they bring that steel in and pay duty, then sell the forgings to us, we sell the forgings and make a claim for the duty they paid when the steel was imported. We did not pay that duty directly ourselves, but we include it in our drawback.

Q. Then the $32 which you get as a drawback represents pretty well the increase in cost to you directly or indirectly which the subjection of your materials to a duty imposes upon you?—A. That the duty imposes upon us? Yes, but it does not represent the total difference in the cost of material to the American company and to ourselves, so far as the duty is concerned.

Q. So far as the duty on material is concerned?—A. Yes.

By Mr. McKay:

Q. Would the Ford Company of Canada not get some concessions on cars shipped into British possessions, due to the fact that they were manufactured in Canada?—A. It is 3 per cent in South Africa, nothing in Australia, nothing in New Zealand, nothing in India, which are our main markets.

Q. Do you ship any cars to France?—A. No, sir. Our territory is confined to British possessions.

By the Chairman:

Q. You do not ship to the United Kingdom?—A. No, sir.

Q. If you shipped to the United Kingdom would you have any advantage over the Detroit company?—A. One-third of the duty unofficially. That is a very large question between us now.

Q. Between the Detroit company and yourselves?—A. Yes.

By Mr. Hammell:

Q. A while ago you gave us the cost of Ford cars in Canada as $620?—A. The sale, not the cost.

Q. The sale price?—A. Yes.

Q. The cost to the consumer?—A. Yes.

Q. The cost of them, according to your figures, was $397, which included $104 overhead and $293 for material and labour?—A. No. The $293 for material and labour was the December figure.

Q. Those are the only figures you have?—A. Yes.

The CHAIRMAN: I asked the witness to find that out and send it to us.

WITNESS: I do not want those two figures crossed, because they are not the same dates at all.

By Mr. Sinclair:

Q. Why is it you do not supply the British market?—A. That was the arrangement with the company.

Q. Why was it entered into, because the directors were sort of interlocked?—A. Yes.

By Mr. Hammell:

Q. Following up my question a little farther, unless that figure is a very much greater cost than it was in 1922, you are selling a Canadian car at a less profit than the American made car; I would like to follow that out to a conclusion. Assuming for the sake of this reference that $293 or $295 was the average cost of labour and material in 1922, you brought that total up to $397, deducting $397 from $620 leaves $123 for your expenses of selling, and so on, I suppose?—A. You are adding to the $293 the $104.

Q. The $104 overhead?—A. Yes.

Q. On the other side of the line the price of the car is $431, overhead $43. We will assume that $235 was the average cost of labour and material. That left the Ford car of Detroit $153 to do the same thing with as left the Canadian car only $123?—A. Where do you get the $123?

Q. Is it $223?—A. Deduct the $397.

Q. It is $223?—A. Yes; your figure should be $223.

Q. $223 as compared with $153?—A. Yes.

Q. Your distributing expenses are greater in Canada than in the United States?—A. Yes; I want to show why.

By Mr. McKay:

Q. Is the Canadian car an exact duplicate of the American Ford car?—A. You will see that it is about the same; possibly there is a little disadvantage. I would like you to look at this as representing the different causes of the distributing cost.

By Mr. Hammel:

Q. That is the distributing cost in both countries?—A. Yes. In the United States you have 35 persons to the square mile, whereas in Canada you have something like two persons to the square mile.

By Mr. Sales:

Q. Who bears that cost of distribution?—A. That is in our overhead. That is why our overhead is greater.

Q. That should be included in this $397.—A. Yes, $104 of that $397. The argument, we maintain, is this, that your dealer in the United States has just 35 people to work on where there are two people in Canada. The dealer in Canada has to cover that large distance, or else neglect his business, and he does not get it. That is only one factor. We cannot sell the population like that man in the United States.

By the Chairman:

Q. Although it is quite true to say that we have only two people to the square mile, still that is arrived at by taking all the miles of Canada and all the people of Canada. Of course there are lots of places in Canada where there are no people at all.—A. Yes, and the same thing would apply to the States, but not to as great an extent. You can put your own figure there.

Q. It shows a great difference.

By Mr. Sales:

Q. The cost of the car was $397 in Canada. What was the consumer paying for that car? What was your price f.o.b. Ford?—A. I have not stated $397.

Q. You have $104, and taking your own figures, $393.

By the Chairman:

Q. Excuse me, Mr. Sales. The witness gave us $650 for that year. He had the overhead for the year, but he did not have the labour or the material for the year. The labour and material which he gave us was for the last three months.—A. December, January and February.

Q. And the price of $620 is a price which obtained prior to the 31st of July, 1922. It would not be fair to take that.

Mr. SALES: Can we take any year?

By Mr. Hammell:

Q. Take the price of cars in January and February of this year.—A. Yes.

By the Chairman:

Q. That would be a fair comparison?

By Mr. Sales:

Q. Would that bear any relation to the $397?—A. I made a mistake here in my evidence. This figure as quoted is export costs. That includes freight and crating for those three months. I would like to amend these figures.

By the Chairman:

Q. The easiest thing is to check this thing from the beginning and make the statement correct.—A. I think I have already told you that I have not got the figures for the last fiscal year for segregated material and labour. Our material and labour combined for the months of December, January and February, are as follows:

By the Chairman:

Q. That is, labour and material?—A. Yes, $295 for December, $295 in January, and $296 in February.

By Mr. Sales:

Q. Now, your overhead?—A. Our overhead for December was $204, for January, $123, and $98 for February.

By the Chairman:

Q. Those added up together would make the total cost?—A. Yes.

Q. So the total cost in December was $499, $418 in January, and $394 in February?—A. $394 in February, yes.

Q. Now, what was the car sold at during those months?—A. The price was $530.

By Mr. Sales:

Q. F.O.B. Ford?—A. Yes, that is right.

Q. All through the three months?—A. Right.

Q. And your sales were?—A. 3,137 cars in December, 5,570 in January, and 6,567 cars in February?

By the Chairman:

Q. Well now, does the amount of cars sold have a relation to the cost of production in February?—That is to say, does the amount of cars sold in February have a relation to the cost of production in February?—A. The amount of cars sold?

Q. Yes, the amount of cars sold?—A. Yes, it does.

Q. Because it would strike me that very possibly the cars that you sold in February were cars that were manufactured in previous months.—A. That is right.

Q. You see my difficulty? Your cost of production has gone right down in January and February over what it was in December, and as your cost of production went down your sales have gone up?—A. Yes.

By Mr. Sales:

Q. And what was the price of the same car in the States at that time?—A. $393.

Q. And your increase in cost in Canada over the States?—A. I cannot give it to you now.

By the Chairman:

Q. You gave it to us.—A. December, $221.

Q. Was that labour and material?—A. Yes, that is labour and material only.

By Mr. Sales:

Q. And the overhead?—A. $43. In January, $234. Overhead, $44. February, $235, overhead $43.

Q. And it was selling at that time in the States?—A. For $393.

By the Chairman:

Q. They have a bigger margin to work on than you have, have they? In December, Mr. Campbell's cars cost him to produce $499, and he got $530 for them. In December, he got $31 per car. That was his profit. Now, he is better in January—a great deal better. What was the difference in January, Gentlemen?—A. I will send you anything you want.

By Mr. Bouchard:

Q. Does your price fluctuate?—A. The prices are changed as expedient.

By Mr. Sales:

Q. What is your company capitalized at now?—A. $7,000,000.

Q. And the work of your plant?—A. $8,000,000 and plant, that is, aside from our new development.

Q. How much dividends have you paid on that?—A. Over what period?

Q. In the whole period.—A. $10,000,000 in cash, and about $6,000,000 in stock.

Q. Then you improved your assets by $8,000,000?—A. No, our assets are greater than that. We have our statement here of the last fiscal year.

By Mr. Hammell:

Q. I think you told us your capital at the start was $60,000?—A. $125,000.

Q. $60,000 paid up in cash?

(The statement was filed as EXHIBIT No. 89, not printed).

Q. How has that capital increased to the present amount?—A. By earnings. There was never any fresh money taken in?

By Mr. Sales:

Q. I suppose you saw this article about election time in one of the Toronto papers, that $125,000 had grown to $30,000,000 in seventeen years. You invested and got the money back seventy-three times. Is that true?—I suppose you read it?—A. I would have to look at it. I never saw that news item before.

Q. I want to find out whether there was any truth in it?—A. This statement No. 89 shows the facts as to our present worth.

Q. What is your present worth?—A. Our present worth, July 31, 1922, surplus $12,500,000, capital $7,000,000,—about $20,000,000.

Q. And you paid $10,000,000 in that time?—A. Since 1905, yes.

By Mr. Caldwell:

Q. You gave us the price in 1920 as $620 in Canada, and $481 in Detroit, a difference of $139. Would that price be about the same as it was in 1919?—A. About the same relationship, yes.

Q. Were prices higher in 1919, or lower?—A. They were higher.

Q. By how much?—A. About 50 per cent or more.

Q. Were your American and Canadian cars of about the same relative value?—A. No, they were different. We had extra material or equipment on our cars, which I might estimate at about $25.

Q. What year would that be?—A. That is November 30, 1920.

Q. I am speaking of 1919?—A. No, I cannot tell you.

Q. The models would be much the same in 1919 and 1920?—A. Yes.

Q. How would you account for the fact that a Ford passenger touring car, with starter, sold in the State of Maine for $640, and in the Province of New Brunswick, at 2 points, twelve miles apart, for $900? That would be $260 difference.—A. Identical cars?

Q. They were the Ford cars in each case.—A. Identical models?

Q. Yes.—A. Same year's models?

The CHAIRMAN: Both new cars?

By Mr. Caldwell:

Q. Yes, both new cars.—A. That is a hard question to answer.

Q. There would be, you say, about $20 difference in the make of the car?—A. Yes. What are those figures again?

Q. $900 and $640. They were sold in Helden, Maine, and Woodstock, New Brunswick, twelve miles apart.—A. Were luxury taxes in effect then?

Q. No, I think not.—A. Are you sure?

Q. Yes. The luxury tax was not in effect in 1919, was it, on cars?—A. No, it came in after that——

Mr. MUNRO: No, I think it came in in that year. I bought a car in, I think, 1919, and I paid the luxury tax.

Mr. CALDWELL: I do not think so.

Hon. Mr. SINCLAIR: A year after the war.

Mr. CALDWELL: I think it was the session of 1920 it came in. The Chairman will be able to find it out.

The WITNESS: Have you the specific date?

By Mr. Caldwell:

Q. I do not have it just in hand, I have it somewhere; it would be in September, 1919.—A. That is pretty old. I do not know whether I have any figures showing comparative prices on both sides of the line at that time; that is nearly four years ago.

Q. I thought maybe it would be impressed on your mind; I made a statement, in the House, I think, in 1920, and I think I had a long letter from you covering the ground shortly afterwards.—A. The letter did not explain it?

Q. Not to my satisfaction.

By Mr. Sales:

Q. Do you not think it would have been an advantage, Mr. Campbell, if you had had your factory in Detroit, with a larger production, and less overhead, where you could produce a car for $264 instead of $499, as in Ford, Ontario? What would be the advantage to the people of Canada in having your factory on this side?—A. Employment.

Q. Yes.—A. Tax on revenue.

Q. Yes, but at a difference of $235 a car.

The CHAIRMAN: You are taking the assembly?

By Mr. Sales:

Q. Yes.—A. What about our sale price? You are taking our cost. Let us deal with the sale price.

The CHAIRMAN: He was taking you on your own ground.

By Mr. Sales:

Q. I am asking you why the factory was put in here, instead of in Detroit; your overhead would have been less than it is under present circumstances.—A. I am citing the overhead that applied over that one month, which is, of course, not representative of the year's operations.

Q. I am taking this as an instance: in 1917 I was in Chicago, and I bought one of your cars and it cost me $495 at Ford. It cost me $545 in Saskatchewan. In the same year, in Chicago, I saw that car—I could not tell any difference—for $360, and I paid $495 at Ford. I figured the transportation would not have been any greater from Chicago than it was from Ford, but it cost me $135 more, and I do not think the Government got $135 out of it. I am wondering whether the company got the benefit of the $135, or whether part of it has gone into this $10,000,000 and so on, by reason of the protective tariff?

By Mr. Elliott:

Q. Does your company fix the price at which your cars may be sold retail? —A. We do yet.

The CHAIRMAN: Are you finished, Mr. Sales?

By Mr. Sales:

Q. He did not answer my question as to where that was a benefit to Canada. —A. I most certainly say it is, on the evidence of these figures that I have presented to you here. Over that period, we have paid in wages a total of $43,000,000, in taxes—excise, sales, business profits tax and so forth—a total of $14,800,000, and in customs duty, during these ten years or thirteen years now, a total of nearly $14,000,000.

Q. Yes, but we had a gentleman before us yesterday who stated that the people of Canada had paid all your wages; that is, they produced wheat and cattle and so on to buy your cars, and have paid these people to move in Canada and eat our wheat and meat.

Mr. CALDWELL: That is through your extra price.

By Mr. Sales:

Q. It does not matter whether a man lives in England and eats my meat and wheat, or whether he lives in Canada.—A. In answer to your question, of course, I do not feel that it is of economic value to the country to have an industry such as that located within its confines.

By Mr. Caldwell:

Q. That is, if the luxury does not cost the country too much?—A. Yes, there must be a meeting ground. I might cite here, for the information of the Committee, if you like, that in the month of March, during the month of March, we have paid wages of $784,000, duty and import tax of $165,000, sales

tax on purchases of $38,000, sales tax on sales, $135,000, car excise tax, $109,000, income tax $86,000, a total revenue to the Federal Government by reason of the operation of that business there of $534,000.

By the Chairman:

Q. Did you ever make a further calculation? Suppose you had remained in Detroit, and there had been as many Ford cars sold in Canada as have been sold, what the country would have collected in customs taxes?—A. Yes, where would the exchange be?

Q. We will not bother with the exchange for the moment. What would the Canadian Government have collected in taxes, just to compare it with what you have here? You have manufactured since you have started, how many cars?—A. 390,000 cars up to the end of 1922. Of that, 120,000 were exported, and 269,000 sold in Canada.

Q. 270,000 in Canada. Now, what would be a fair price to put on all these cars? It has changed from year to year.

Mr. CALDWELL: An American price.

The WITNESS: As an imported price?

Mr. HAMMELL: Yes.

The WITNESS: Oh, $400, roughly.

By the Chairman:

Q. That is what I had in mind. Let us multiply that by 400. That would be $1,086,000,000. Now, we put on the 35 per cent duty—A. Oh, no.

Q. I do not know whether I am right or wrong. I was wrong, I see, it is $108,000,000. 35 per cent of that?—A. Yes.

Q. That would be?—A. $40,000,000, say.

Q. $40,000,000 then, that is what would have been brought into the country. What do you say your total contribution to the Exchequer has been?—A. To Ottawa, $14,800,000 in taxes, corporation taxes, sales tax, business profit tax, and so forth. On customs, $13,963,000.

Q. About $30,000,000?

Mr. SALES: Yes, but if we had bought the cars in the United States and paid $130 duty—I am taking the price of 1917—instead of paying $135 F.O.B. Ford, if I had paid $130 duty—

Mr. HAMMELL: It would have been $40,000,000 altogether.

Mr. SALES: No, 270,000 cars at $130 each.

The CHAIRMAN: It runs away up into large figures. I suggest, gentlemen, that we figure this out ourselves.

By Mr. Sales:

Q. Just one further question, Mr. Campbell. You spoke of the wages paid in Ford. Do all your people live in Ford?—A. Practically all, or in the vicinity.

Q. They do not cross the bridge?—A. No, I do not think out of over 4,000 employees there are 20 that go across. We have a few departmental heads that do, but our employment regulations say they must live in Canada.

By the Chairman:

Q. Let me ask you this question. Are there regulations which prevent Canadians going and working at the Ford factory in Detroit?—A. No.

Q. Are there many Canadians who live in Ford City and go across to work in Detroit?—A. Not many.

The CHAIRMAN: Then, if that is all, gentlemen, I will say on behalf of the Committee that we are very much obliged to you, Mr. Campbell, for coming here to-day.

The WITNESS: Is there anything else I can do for you?

The CHAIRMAN: I think the only thing you can do is to sell your cars cheaper than you do now.

The WITNESS: Then, pardon me if I take a moment or two of your time. You asked me if I wanted to make any comments on the evidence taken yesterday, and there is one item that rather impressed me, and that is the statement on page 11 of yesterday's evidence, which reads as follows: "Since 1914 the prices of all commodities have gone up". Now, during that period, this is what has happened.

The CHAIRMAN: In regard to commodity prices?

The WITNESS: Yes, commodity prices. This is taken right from your statistics here at Ottawa. Since 1914 all commodities are up at the present time, 65 per cent, made up of light and fuel, which is up 143 per cent, miscellaneous commodities 105 per cent, building materials, 87 per cent, dairy products 87 per cent—.

By the Chairman:

Q. What?—A. 87 per cent.

Q. Dairy products?—A. Yes.

By Mr. Hammell:

Q. Since 1914?—A. Yes.

By the Hon. Mr. Sinclair:

Q. At the close of the last fiscal year?—A. No, this is the last issue of the Dominion Statistics.

The CHAIRMAN: No, the dairy products, the index number is 133; 1913 is taken as the basis of 100.

The WITNESS: I have 1914 as 100.

Mr. CALDWELL: Mr. Chairman, there may be this difference, I think probably Mr. Campbell is giving us the retail prices, and your price is that paid by the producer.

The CHAIRMAN: Where did you get your figures, Mr. Campbell?

The WITNESS: From the Bureau of Statistics.

The CHAIRMAN: Anyway, we are not going to contest your proposition that the price of commodities has gone up since 1914. Every father with a family in Canada, of modest means, knows that to be true.

The WITNESS: The figures are enumerated there. Since 1914 this shows the price of the Ford cars to be 31 per cent below that, roughly. We may not be doing everything, we are not doing everything yet which we would like to do, until we get into our new plant. We are not doing everything we hope to do, but I would like you to feel that we have done something in the matter of combatting the price of commodities. Our reduction in price has been 31 per cent since 1914, in spite of the fact that the materials making up the Ford car have increased 69 per cent. There has been that result in the price of the car. I would like to leave these. (Filed as EXHIBIT No. 90, printed as appendix).

The CHAIRMAN: Very well, Mr. Campbell, I just have to renew my thanks. Witness retired.

The CHAIRMAN: Mr. Hamilton, you have been waiting patiently; of course, we have been giving you a splendid entertainment. Gentlemen, the Chair does not want to sit at 8 o'clock for special reasons, but is quite willing to sit at 10 o'clock if anybody wants to have an hour then. I see no one wants to sit at that time, so if it will suit the convenience of Mr. Hamilton and the other gentlemen, we will adjourn now until 10 o'clock to-morrow morning.

The Committee adjourned until 10 o'clock a.m., Friday April 27, 1923.

HOUSE OF COMMONS,
COMMITTEE ROOM 268,
FRIDAY, April 27, 1923.

The Special Committee appointed to enquire into Agricultural conditions throughout Canada met at 10 a.m., Mr. McMaster, the Chairman, presiding.

The CHAIRMAN: The Committee will please come to order. I have been thinking gentlemen, over that letter which I received from the Canadian Cottons, Ltd., and I really think we should put it in our records. It is written by the President, or Vice-president, and I think it should be printed in our record.

CANADIAN COTTONS, LIMITED

28 Victoria Square

MONTREAL, 25th April, 1923.

S. R. Gordon, Esq.,
Clerk, Special Committee on Agriculture Conditions,
Room 268 House of Commons,
Ottawa, Ont.

"DEAR SIR,—We have to hand your favour of the 21st instant, and we thank you for furnishing us with a copy of the evidence that Mr. Clifford Sly, Manager of Merchants Consolidated, Limited, Winnipeg, gave before your Committee on the 18th instant.

"If your Committee feels that it would be well to have a representative of this Company appear before them we will gladly avail ourselves of this opportunity, but possibly the time of the Committee will be saved if we make a brief statement in writing of our position in regard to the complaint made by Mr. Sly.

"It has been the custom of this Company from its inception to market its products through the wholesale houses, and the Garment Manufacturers of the Dominion.

"We believe that in a highly technical business of this kind that the officers of the Company should devote their full time and energy to the management of the mills, and that the marketing should be left to those organizations that are skilled and equipped for that purpose.

"The wholesale houses of necessity have to occupy large warehouses, carry a great variety of stock, and keep an efficient staff. This makes their overhead expenses fairly heavy. In addition to this travellers must be kept on the road at heavy expense in the way of salaries,

railroad fares, and hotel accommodation, and experience proves that the general cost of marketing goods runs all the way from 15 per cent to 20 per cent according to the size of the turnover.

"Nothing would be saved by going direct to the retail trade, for those mills have tried this method of marketing their products, have found that their expenses practically coincided with those of the jobbers. Only to-day we have been advised that a large wholesale house is offering our products at 15 per cent on mill prices. Out of this percentage they have to provide for the sales tax of 2¼ per cent, as well as the freight from the mills to their warehouse, and again from their warehouse to their retail customer, so that their net margin of profit must be exceedingly small. From the fact that in the last twenty years over a hundred wholesale houses in Canada have either failed, or retired from business, would lead one to believe that the profits have not been excessive.

"Of course, if these jobbers sold only to "gilt edge" accounts, and for prompt cash, their overhead would be reduced to some extent, but as you are aware most of the business of the country is done by the town and country stores, and a large majority of such storekeepers must be accorded some credit. The wholesale dry goods houses have been particularly generous with their customers in the way of tiding them over periods of dull trade and during the periods of the year when the retail houses are waiting to be paid by the farmers, and their other customers.

"Now we belive that if these jobbers are to continue in business, and it seems to us that the trade of the country demands organizations of this nature, that the mills ought to give them some protection.

"Merchants Consolidated, Limited, has undoubtedly been formed to enable a few very strong retail concerns to buy from the mills direct, and they appear to handle several classes of goods, namely, groceries, dry goods, boots and shoes, and hardware. We have been selling our products to dry goods houses only, and we think we ought to continue this policy.

"If we should sell to the large retail concerns all over the country at the same prices as we charge the wholesale trade, how would it be possible for the jobbers to carry only the weak accounts and keep their industry alive? In our opinion such a policy would eliminate the wholesale houses in a very brief period, and we do not think any good interest would be served by pushing these worthy organizations to the wall.

"You can see that if we sold our products to the Merchants Consolidated, Limited, similar concerns would very quickly start up all over the country, and such groups would naturally expect to be treated in a like manner to the Winnipeg concern named.

"We would respectfully suggest that you request representatives of some of the wholesale houses to appear before your Committee, and to state just what the effect on their business would be, if the mills and manufacturers of the Dominion should sell direct to such houses as the Merchants Consolidated, Limited, of Winnipeg.

"If we can furnish your Committee with any further information, that they would like to have, we will be much pleased to do so upon application.

Faithfully yours,

(Sgd). A. O. DAWSON."

I would also like to produce before the Committee a memorandum from the Lethbridge Board of Trade regarding the equalization of freight rates, and storage and terminal elevator facilities, which I am going to turn over to our Sub-committee on Marketing and Transportation. Then Mr. Gordon has a letter from Mr. Gagnon, Secretary of the Brotherhood of Carpenters and Joiners of America. There was some question, you remember, as to union wages charged by a ship liner; and they say he is to be in Ottawa on Monday. I would suggest that we hear him next Monday. He wants to come, and we should give him every opportunity. The Secretary will communicate with the gentleman, and ask him to be here on Monday. Then I would ask the Secretary to include in his minutes of proceedings to-day, a copy of the memorandum of the conference between the Special Standing Conference Committee of the Foreign Trade Committee, Atlantic Division, and Steamship Apple Committee representing North Atlantic U.K. Freight Conference held at 8-10 Bridge Street, New York City, Thursday, September 28, 1922. I think it is well to have this on the record, because there has been a statement appearing in the Press throwing doubt on the accuracy of the findings of this Committee; and I think this might be useful to refer to in evidence. I think everybody should have it before them.

EXHIBIT No. 91

"MEMO OF CONFERENCE BETWEEN THE SPECIAL STANDING CONFERENCE COMMITTEE OF THE FOREIGN TRADE COMMITTEE—ATLANTIC DIVISION AND STEAMSHIP APPLE COMMITTEE.

Representing North Atlantic U. K. Freight Conference

Held at 8-10 Bridge Street, New York City, Thursday, September 28, 1922

Present: Messrs. Fetterolf (I.M.M. Co. Chairman), Jackson (I.M.M. Co. Boston), Farnham (U. S. Lines), Connor (Furness), Kenick (Cunard), McIntire, Taylor (Export Transp. Co.), Payne (Cosmopolitan), Aldridge, Chase, French, Otis, Taylor and Hearty.

"This conference was called by Mr. Fetterolf at the request of our Committee, which felt the time was ripe to again request a reduction in ocean freight rates. As usual, a very friendly atmosphere prevailed and evidence was given by both sides of a genuine desire to co-operate and remove causes of friction, misunderstanding and dissatisfaction. The members of the I.A.S.A. Committee explained in considerable detail the serious conditions existing in our industry and pointed out the necessity of lower freight rates, stating that 85c was a proper rate based on charter prices but finally definitely requesting that the rate on barrels be fixed at 90c and on boxes 30c, with corresponding reduction in the refrigerator arbitraries. The Steamship people were informed that some chartering had been done in Nova Scotia at 75c and that considerable tonnage was available for charter during the next few months at 65c to 75c per barrel.

"The Steamship Representatives were admittedly concerned over the charter situation. They asked if we felt that they should meet charter rates and were advised that the shippers considered regular liners entitled to 20c higher rates than charter rates. They then asked what rate would prevent chartering and the shippers present agreed to do no further chartering if the rates asked for were granted. We requested that the new schedule be made effective for a period of three months. This the Steamship Representatives objected to, but agreed that 30 days' notice of any advance should be given, and furthermore

that either side might ask for and obtain a further conference for discussing the situation in the event of circumstances being such as to seem to make a change in the rates desirable.

"The Steamship Committee explained that it lacked authority to change existing rates; that the regular monthly meeting of the full steamship conference committee would be held on October 5th, and that the matter would be decided and an announcement made of any changes on that date. The I.A.S.A. Committee agreed to recommend in writing that refrigerator temperature for fresh fruits be kept at 34° to 37° Fahr. and as near 35° as possible—this being in accordance with the Committee's investigation and enquiry among the most important exporters last year.

"The governing rate of exchange for conversion of freight charters—dollars into pounds sterling—is the rate prevailing on date steamer enters at Custom House at port of discharge. Reference was made by us of failure of the Steamship Companies to report to us concerning their inquiries into methods of loading, ventilation, and installation of thermographs. Chairman Fetterolf informed us that he had believed these matters were treated with by lines individually and reports made. It was agreed that our Committee would address Secretary Morse relative to these matters."

I have another letter here from Professor McGibbon, professor of Political Economy in the Department of Political Economy, University of Alberta. I had heard that he might be called before the Bank and Commerce Committee, and I wrote stating that if he appeared before that Committee we would like to have him appear before this Committee. He writes saying that he did not know that he was to be heard before the Banking and Commerce Committee, but that if he was coming to Ottawa he would be very glad to appear before us. I do not think we should make up our minds on the matter now, but I would like you to turn it over in your mind and decide if we should have this gentleman

We have with us this morning, Mr. Hamilton, Minister of Agriculture in Saskatchewan, who has come to tell us about the agricultural conditions in that province.

C. M. HAMILTON called and sworn.

WITNESS: With your permission, I will stand while I am making my statement in connection with agricultural conditions in Saskatchewan, as I see them. The statement that I propose to make is based largely upon the circular which was sent from this Committee, indicating the lines of enquiry that was proposed to be made by the Committee. With your permission, I will read the first part of what I have to say in connection with this question.

By Mr. Sales:

Q. Have you come as the result of that communication, or are you representing the Provincial Government?—A. I am here as the result of the communication, and I am also representing the Provincial Government. I shall endeavour to submit my views regarding the conditions of agriculture in Saskatchewan, and attempt to analyze those causes and conditions; and I hope in conclusion to make a few recommendations. Saskatchewan is perhaps more than any other province dependent upon agriculture. We had a population of 757,510 in 1921, and seventy-one per cent of that population was rural. The number of farms according to the past four quinquennial censuses were as follows:

1906	55,971
1911	96,372
1916	104,006
1921	120,261

I quote these figures for the purpose of indicating the gradual growth and development of agriculture in the Province of Saskatchewan.

GRAIN PRODUCTION

Saskatchewan's agricultural development and the chief effort of our farmers has been along the lines of grain growing. The following acreage figures show the rapid development of grain growing during the past sixteen years:

Year	Wheat (Acres)	Oats (Acres)	Barley (Acres)	Flax (Acres)
1906	1,730,586	369,873	53,565	76,005
1911	5,256,474	2,332,912	273,988	682,000
1916	8,532,700	3,543,600	357,400	519,500
1921	13,556,708	5,681,522	497,730	426,849
1922	12,322,297	5,098,104	636,456	466,177

I have also the following statement of the average yields for the same years:—

	Average Yields per acre			
Year	Wheat	Oats	Barley	Flax
1906	21·4	37·4	24·5	9·3
1911	18·5	45·0	28·0	11·3
1916	14·2	39·1	26·5	10·4
1921	14·8	32·7	25·9	7·3
1922	20·25	35·25	29·0	8·75

By the Chairman:

Q. May I interject a question there? Does that indicate increased fertility in the soil over a term of years, or does it merely mean that in those years the yield was that much, which was not necessarily the normal yield if you took it over a period of years?—A. Well, a great many factors are taken into consideration in determining the yield in a particular year.

Q. I do not know what you are trying to prove, but if you are trying to prove you can get less off the acres now in Saskatchewan than a few years ago, it seems to me you should compare I think, one five year period with another five year period, say.—A. In the matter of production there has been a good deal of consistency so far, from the agriculturalist's point of view. A uniform system has been followed and brought fairly good results.

Q. You take three specimen years for three decennial periods, coming down to 1914, then you go up again to 1920?—A. Yes.

Q. They are not averages. They are just individual years. It might possibly be every fifth year was not so good as another.

Mr. SALES: In 1914 he would have a very much lower figure than he has here. In 1915 it would be higher.

The CHAIRMAN: It seems to me if we are to base any questions on these figures we should have one five year period compared with other five year periods.

The WITNESS: Possibly.

By the Chairman:

Q. Have you any doubt about it?—A. I am not prepared to draw conclusions just when I am on my feet. I have not been edveavouring to make the

points, I am not endeavouring to draw the conclusion that evidently you are endeavouring to draw, and I am not prepared to draw that conclusion off-hand.

Q. I do not want to draw one conclusion rather than another. I ask you what is the import of these figures.—A. The thing that I am trying to establish—the point that I am endeavouring to establish with these figures—what I am going to try to show is that the agricultural people in Saskatchewan have followed consistently a certain line of agriculture, a certain agricultural policy and it has brought certain results and I am going to indicate, in my judgment, what might be done to improve agricultural conditions.

Q. It seems to me that taking these individual years is not the way we should guide ourselves.

By Hon. Mr. Motherwell:

The basis of production, I would say, would be right, if he is submitting these particular years as a basis of production.

The CHAIRMAN: Mr. Sales reminds us that 1914 would give a very much lower yield than given by the witness. 1915 would give a much higher yield, if you compare it to the nearest year he has mentioned.

The WITNESS: I do not wish to weary the Committee with these figures, but if you wish I will be prepared to submit to you all the reports from 1906.

By the Chairman:

Q. I would rather you would give us the conclusion which you as an expert gathered from this.—A. I wanted to show that the yields, as a result of the farming operations in Saskatchewan over this period of years, have been yields that have been fairly satisfactory from an agricultralists points of view. I will admit I could have made my point more clear probably, and the Committee would be in position to judge as to the value of it, if I had included all the years from 1906 to 1922, and if it is your wish I will be pleased to submit to the Committee those figures. I do not think I have them with me.

By Mr. McKay:

Q. You have not selected fat years?—A. No, I take a five year period.

Q. Do you think this is reasonably uniform, what you are giving us?

By Hon. Mr. Motherwell:

Q. If you add the various figures up and divide them by what the number is, we will get at it.—A. We would for those periods, but I do not think I could for the period from 1916 to 1922.

By the Chairman:

Q. I think it would be fair to assume that we have been producing grain in Saskatchewan for many years, but I do not think our average per acre has been so much.—A. I will be pleased to submit to the Committee these figures, if that average can be made.

Q. This is the impression you made on my mind when I heard you giving the first three figures. I wondered whether the fertility of the soil was not being affected. You gave me the average for 1922 and the acreage went up.

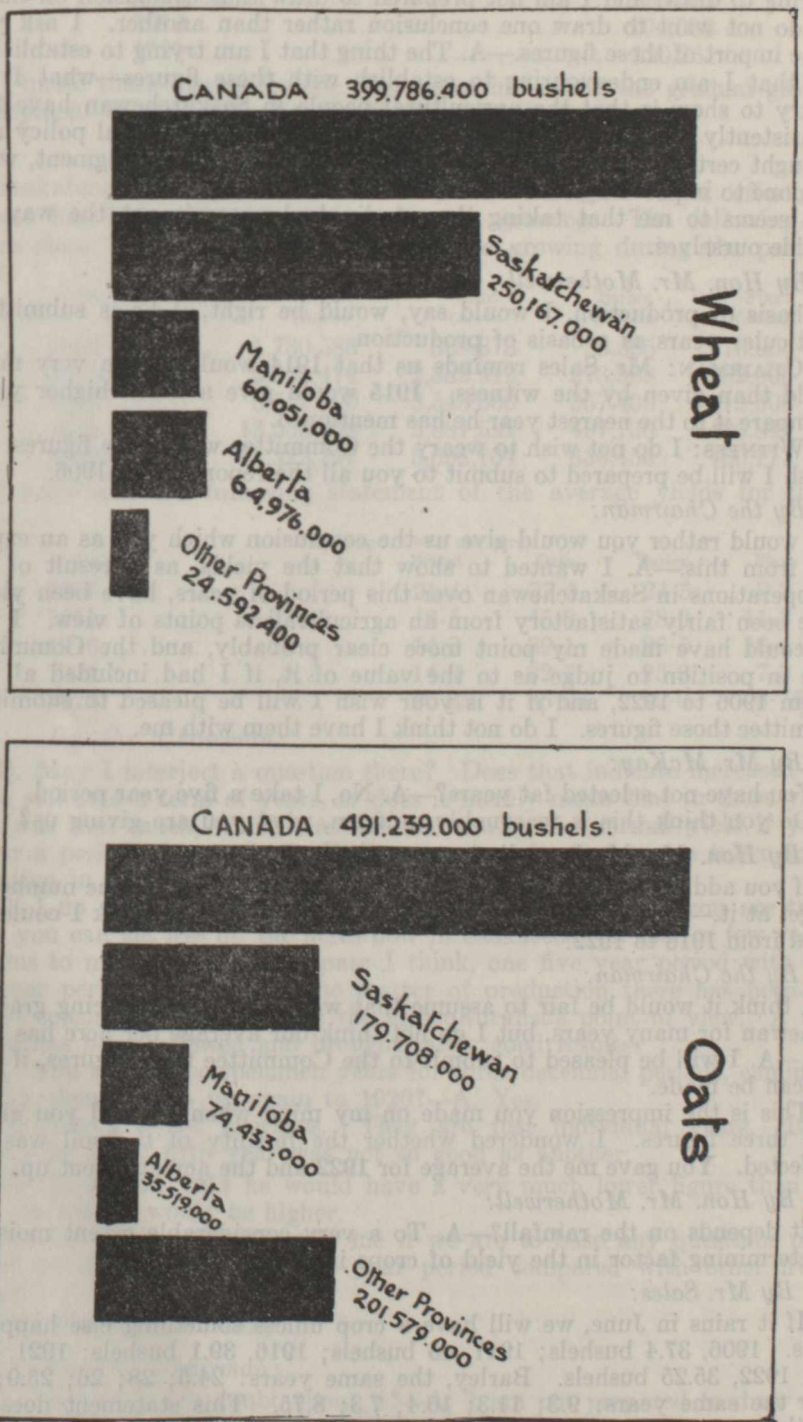
By Hon. Mr. Motherwell:

Q. It depends on the rainfall?—A. To a very considerable extent moisture is the determining factor in the yield of crops in Saskatchewan.

By Mr. Sales:

Q. If it rains in June, we will have a crop unless something else happens? —A. Yes. 1906, 37.4 bushels; 1911, 45 bushels; 1916, 39.1 bushels; 1921, 32.7 bushels; 1922, 35.25 bushels. Barley, the same years: 24.5; 28; 26; 25.9; 29. Flax for the same years: 9.3; 11.3; 10.4; 7.3; 8.75. This statement does not include the crop of 1915, when the wheat yielded an average of 25.2 bushels per

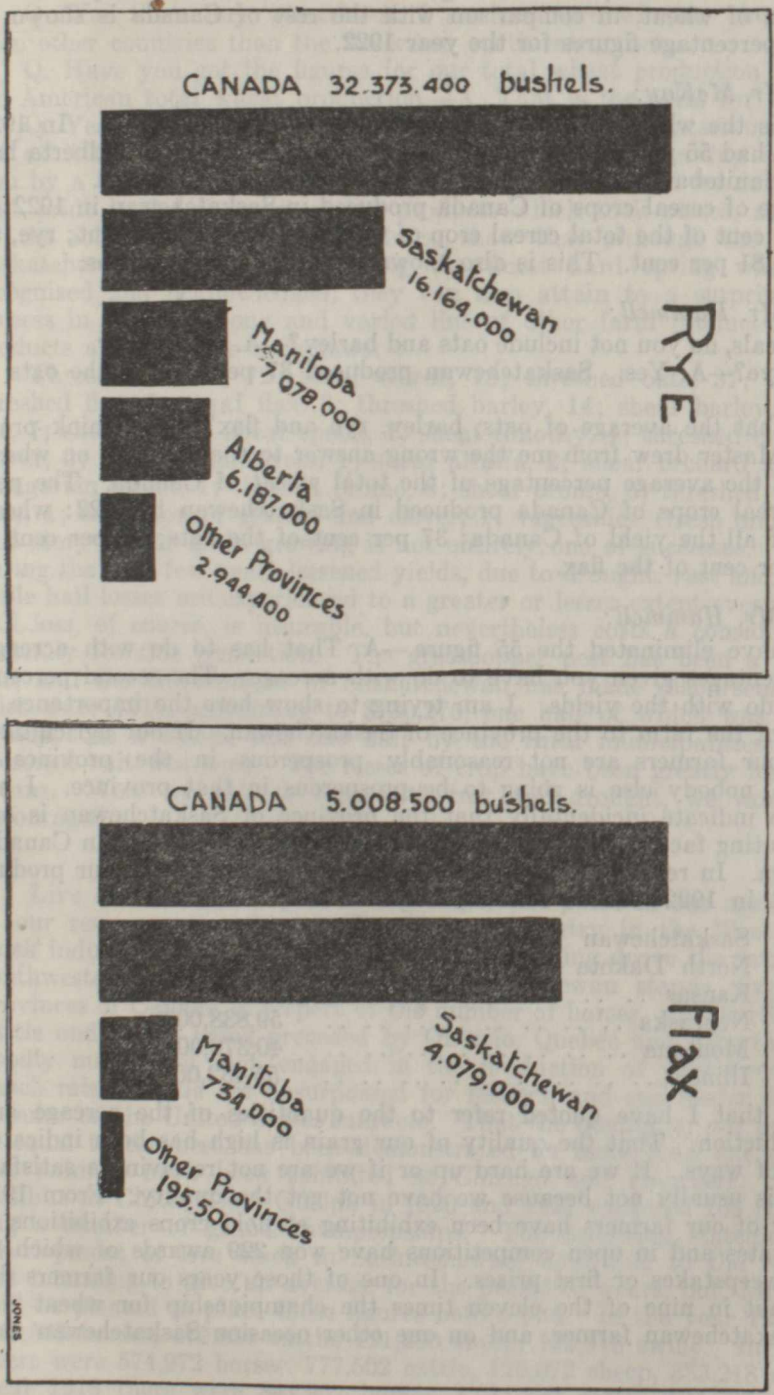
EXHIBIT No. 92



[Hon. C. M. Hamilton.]

APPENDIX No. 3

Diagrams showing Grain Production in Prairie Provinces together with production of Canada 1922.



Saskatchewan had 55 per cent of the 1922 wheat acreage.

[Hon. C. M. Hamilton.]

acre, a record which is unique for so large an area. Saskatchewan's position in the production of wheat, in comparison with the rest of Canada is shown in the following percentage figures for the year 1922.

By Mr. McKay:

Q. That is the wheat of western provinces?—A. Of all Canada. In 1922 Saskatchewan had 55 per cent of the wheat acreage of all Canada. Alberta had 23 per cent; Manitoba had 15 per cent; the other provinces 7 per cent.

Percentage of cereal crops of Canada produced in Saskatchewan in 1922:—Wheat, 63 per cent of the total cereal crop of Canada; oats, 37 per cent; rye, 50 per cent; flax, 81 per cent. This is also shown in the following graphs.

By Mr. Hammell:

Q. In cereals, do you not include oats and barley?—A. Yes, surely.

Q. And rye?—A. Yes. Saskatchewan produced 37 per cent of the oats of Canada.

Q. Was that the average of oats, barley, rye and flax?—A. I think probably Mr. McMaster drew from me the wrong answer to the question on wheat. 63 per cent is the average percentage of the total wheat of Canada. The percentage of cereal crops of Canada produced in Saskatchewan in 1922: wheat, 63 per cent of all the yield of Canada; 37 per cent of the oats; 50 per cent of the rye; 81 per cent of the flax.

By Mr. Hammell:

Q. You have eliminated the 55 figure.—A. That has to do with acreage. The first percentages given you have to do with acreage. The second percentages have to do with the yields. I am trying to show here the importance of the products of the farm to the province of Saskatchewan. If our agricultural industry—if our farmers are not reasonably prosperous in the province of Saskatchewan, nobody else is going to be prosperous in that province. I am also trying to indicate incidentally that the province of Saskatchewan is one of the contributing factors in the production of grain crops, not only in Canada, but in America. In relation to the leading wheat producing states, our production of wheat in 1922 was as follows:—

Saskatchewan	250,167,000
North Dakota	123,234,000
Kansas	122,887,000
Nebraska	59,838,000
Montana	40,370,000
Illinois	55,432,000

These figures that I have quoted refer to the quantities of the acreage and the total production. That the quality of our grain is high has been indicated in a number of ways. If we are hard up or if we are not receiving a satisfactory price it is usually not because we have not got the quality. From 1911 to 1922 a few of our farmers have been exhibiting at field crops exhibitions in the United States and in open competitions have won 229 awards of which 84 were either sweepstakes or first prizes. In one of those years our farmers did not exhibit, but in nine of the eleven times the championship for wheat was won by a Saskatchewan farmer, and on one other occasion Saskatchewan won second place.

By Mr. McKay:

Q. Where were these exhibitions held?—A. It is an international exhibition of grain and live stock held in Chicago annually.

Q. It is world-wide?—A. It is world-wide.

Q. Was there any wheat?—A. I am not sure whether there was wheat from other countries than the American continent or not.

Q. Have you got the figures for our total wheat production last year and the American total wheat production.—A. That is the total for Canada?

Q. Yes.—A. No, I have not that. In one of these years our farmers did not exhibit, but in nine of the eleven times the championship for wheat was won by a Saskatchewan farmer. Another aspect in which we may legitimately take pride is the diversity of the products which took prizes, as will be seen by the following list, which tends to show that although the reputation of Saskatchewan farmers for growing the finest hard spring wheat is widely recognized and acknowledged, they can also attain to a surprising degree of success in raising a long and varied line of other farm products. The list of products and prizes is as follows:

Threshed wheat, 72; sheaf wheat, 12; threshed oats, 37; sheaf oats, 5; threshed flax, 5; sheaf flax, 3; threshed barley, 14; sheaf barley, 14; threshed rye, 7; sheaf rye, 5; sheaf speltz, 1; sheaf timothy, 4; threshed clover, 1; sheaf clover, 2; sheaf Sudan grass, 1; sheaf alfalfa, 2; sheaf orchard grass, 1; sheaf Hungarian millet, 1; theshed brome, 6; sheaf brome, 8; threshed peas, 6; sheaf peas, 1; collection of grasses and clover, 1; vegetables (fresh and canned), 26. The story of our grain growing is not entirely one of successes. We have had during the past few years lessened yields, due to drought, rust and grasshoppers, while hail losses are experienced to a greater or lesser extent every season. The hail loss, of course, is insurable, but nevertheless costs a considerable amount annually for this protection. The grasshopper pest has been a rather serious one, and the Government of Saskatchewan has made disbursements for supplies since 1919, amounting to $730,275, one half of which was borne by the province as a whole, and one half by the rural municipalities in which the poisoned bait was used. The losses of crop have been greatly lessened by this means. Were we able to cope with rust and drought, we would feel much encouraged.

LIVE STOCK DEVELOPMENT

Live stock also occupies a very important place in our agriculture, if not in our revenues at present. The pioneer industry in the West was the live stock industry, but the popularity of grain growing drove the ranchers into the southwestern part of the Province. Saskatchewan stands first among the provinces of Canada in respect of the number of horses, and fourth in respect of cattle and swine, being preceded by Ontario, Quebec and Alberta. We have a goodly number of men engaged in the production of pure bred stock. The ranch raised cattle are unsurpassed for feeders, and our feeder cattle are very popular on the United States markets. That the quality of our pure bred stock is equal to the best has been demonstrated on more than one occasion when our animals have been exhibited at Chicago and elsewhere. Saskatchewan exhibits at Chicago and Guelph in 1920 and 1921 captured 103 ribbons, including a number of grand championships. The following statement shows the development of live stock in Saskatchewan, according to the census. I was not intending to give an average for the period of years, but, Mr. Chairman, I will be pleased to place those figures before you. In the year 1906, there were 240,566 horses, 472,854 cattle, 121,290 sheep, 123,916 swine. In the year 1911 there were 574,972 horses, 777,502 cattle, 125,072 sheep, 333,218 swine. In the year 1916 there were 841,907 horses, 1,011,393 cattle, 124,237 sheep, 530,727 swine. In the year 1921 there were 1,179,389 horses, 1,563,332 cattle, 188,021 sheep, 432,776 swine.

I am going to quote these figures to show the gradual growth. I think that it is a matter that is worthy of consideration to note the figures during the past year 1922, 8,901,104 pounds, as compared with 7,030,053 in 1921. I will read the statement: Dairying in Saskatchewan has not received the attention which has been given to grain growing or ranching, but is nevertheless making not only rapid but substantial growth as the following figures indicate: In the year 1906 the output was 132,446 pounds. In the year 1911 the output was 930,830 pounds. In the year 1916 the output was 4,337,958 pounds. I have already given you the figures for 1921 and 1922.

By the Chairman:

Q. What are your farmers getting for their butter?—A. Butter is worth about 35 to 40 cents at the present time.

By Mr. Sales:

Q. What is it worth in the summertime when they have most?—A. I think those who have been shipping their cream to dairies have to consider that it is a fairly profitable business in the summertime, taking the year as a whole.

Q. It is very much lower than 35 cents in summertime? When you quote average figures for the year you create a wrong impression.—A. The impression I want to create from these figures is that the dairy industry is increasing.

Q. And that that is a satisfactory indication?—A. I think it is fair to draw that inference from it. Butter made in farm dairies is probably equal or greater in quantity if not in value, to that made in creameries. We are particularly pleased with the quality of our creamery butter, and while it has won a standing on our domestic markets during recent years, it has only recently been tested in large quantities on the British market. The reports of shipments made in 1922 indicate, however, that it is of a quality equal to any found on that market, and we are expecting that several million pounds will be exported in 1923. (Note: 1922 exports to Great Britain were 1,690,414 pounds, and to the United States, 118,440 pounds.) I might just interject here that I heard the statement made some place, I am not sure whether it was before this Committee or elsewhere, that at times the people could find no market for their butter. That is not true of those who are marketing their dairy produce through the creameries in Saskatchewan.

By Mr. Sales:

Q. You are referring to the butter made in the homes?—A. I am referring to the dairy produce, and I say that it is not true that there is no market for dairy produce at any time of the year, if it is marketed through the creameries.

By the Chairman:

Q. Do the people who make butter at home have an opportunity of selling through the creameries?—A. Yes, they have. I understand there is a flat rate by express on cream that is paid by the company. The matter of distance does not enter into the question of shipment.

Q. Supposing I am living in a place in Saskatchewan, and my wife is a good butter maker, and I let her make butter, can I sell that butter through the creamery?—A. No.

Hon. Mr. MOTHERWELL: That is a case of renovating.

By Mr. Caldwell:

Q. Is that correct?—A. That is the opinion of our department.

Q. Where does it go?

APPENDIX No. 3

By the Chairman:

Q. Don't you sell any to your local storekeepers?—A. A good deal of it is used locally, a very large proportion, but there is a good deal of it that is shipped out and goes to the United States, I believe, for renovating purposes, but a very large proportion of it is used locally. There are some figures with regard to matters of production. There are some observations which I would like to make with regard to the economic condition of agriculture, even taking those which I submit are favourable facts, into consideration. I am not going to quote all these, but I would quote 1914 and 1922.

By the Chairman:

Q. I would like you to quote them. You see, Mr. Hamilton, that as far as the technical part of agriculture is concerned, we can get that from reports of different departments of agriculture, and we can get it in literature issued by agricultural colleges. We would be glad if you would go fully into that phase of the question.—A.—

ECONOMIC TENDENCIES

"I have endeavoured to show that Saskatchewan has showed remarkable development agriculturally, and that while the tendency has been in the direction of grain growing there has been substantial success in stock-raising, poultry production and dairying. The other side of the picture is that during the past two or three years the purchasing value of all agricultural products is away below pre-war levels. I have figures to show the extent to which those values shifted during the past nine years.

EXHIBIT No. 93

"In the following table the price of agricultural implements are retail at Regina, and the price of wheat is the average for the year f.o.b. Regina. The table shows that approximately three times as much grain was needed in 1922 to buy a binder, a seeder or a plow as was required in 1914, and in 1921 the disparity in values was even greater.

"*Bushels of wheat required to buy a Binder, Plow or Seeder.*

Season	Binder 8 ft. complete	Plow 12 in. high lift	Seeder 20 D.D.	Price of Wheat	Bushels to buy: Binder	Plow	Seeder
1914..	$170	$ 90 00	$147	$1 48	115	61	100
1915..	170	93 50	154	91	187	103	170
1916..	174	95 00	154	1 28	136	75	121
1917..	201	107 00	178	1 95	104	55	92
1918..	257	147 00	229	1 99	130	74	116
1919..	267	155 00	239	2 32	116	67	104
1920..	286	157 00	261	1 55	185	102	169
1921..	237	196 00	303	75	444	258	399
1922..	285	160 00	242	85	336	189	285"

The price of wheat in 1914 was $1.48 per bushel, in 1915 it was 91 cents, in 1916 it was $1.28. In 1917 a binder would cost $201, while the price of wheat was $1.95; it would therefore have required 104 bushels of wheat to purchase a binder. In 1918 the price of a binder had advanced to $257, and the price of wheat was $1.99; it therefore would have required 130 bushels of wheat to purchase a binder. In 1919 the binder was advanced in price to $267, and wheat was $2.32 per bushel; it therefore would have required 116 bushels of wheat. In 1920 the price of a binder had advanced to $286, and the price of wheat was

$1.55 a bushel; it would therefore have required 185 bushels of wheat to purchase a binder. In 1921 the price of a binder was $337, while the price of wheat was 75 cents a bushel; it therefore would have required 444 bushels of wheat to purchase a binder. In 1922 the price of a binder was $285, and the price of wheat was 85 cents a bushel; it would have required therefore 336 bushels of wheat to purchase a binder.

Now take a twelve-inch high-lift plough. In 1914 the price of that plough was $90.

By the Chairman:

Q. What sort of plough was that?—A. That is a plough sold by the Massey-Harris people. It is a twelve-inch high-lift gang plough.

Q. How many furrows does it turn up?—A. Two; it cuts up twenty-four inches.

Q. Do you find that there is very much difference in the prices charged by the manufacturers?—A. No, not very much. The price of that plough was $90 in 1914, and it would have taken 61 bushels of wheat to purchase the plough; in 1915 the price of the plough was $93,50, and it would have required 103 bushels of wheat. In 1916 the price of the plough was $95, and it would have required 75 bushels of wheat; in 1917 the price of the plough was $107, and it would have required 55 bushels of wheat; in 1918 the price of the plough was $147, and it would have required 74 bushels of wheat; in 1919 the price was $267, and it would have required 67 bushels of wheat; in 1920 the price was $157, and it would have required 102 bushels of wheat; in 1921 the price was $196, and it would have required 258 bushels of wheat; in 1922 the price was $160, and it would have required 189 bushels of wheat.

Q. Before you go any farther, in 1914 how many bushels of wheat did you say it would take?—A. 61 bushels of wheat in 1914.

Q. And in 1922?—A. 189 bushels of wheat.

By Mr. Caldwell:

Q. That is for the seeder?—A. That is for the plough.

By Mr. Sales:

Q. Is it a fact that there is an increase this spring?—A. I understand there is an increase in some lines of implements, but I have no information as to that.

By Mr. Milne:

Q. There was a great drop in the price in 1919 from $267 to $157 in 1920, and then it went up to $196; is that correct?—A. I am talking about the price of the plough.

Q. Give us those figures again.—A. The price was $155 in 1919. I will give you the figures again, to make sure that they are correct; in 1914 the price of the plough was $90; in 1915 it was $93.50; in 1916 it was $95; in 1917 it was $107; in 1918 it was $147; in 1919 it was $155; in 1920 it was $157; in 1921 it was $196 and in 1922 it was $160. I was looking at the other column in one year, evidently.

By Mr. Hammell:

Q. What were the normal years during that period, or were there any normal years?—A. The comparison I want to make in this is really a comparison between 1914 and 1922, that is to say, normal conditions would exist in the years before the war, probably.

By Mr. Stansell:

Q. Are you taking 1914 as a fair basis for the pre-war years?—A. Yes. The value of our wheat is getting back to pre-war prices, and if we are going to be able to buy these things on the same terms as we bought them before 1914, we have to get back to the conditions that existed at that time.

By Mr. Caldwell:

Q. The price you gave us was $1.48 in 1914—A. Yes.

By the Chairman:

Q. In that year the crop was harvested before the war broke out?—A. Yes.

Q. Have you the figures for 1913?—A. No, sir.

Q. I think as a rule 1913 is a better year to take than 1914. I have always asked the Statistical Bureau to take 1913.

By Mr. Stansell:

Q. I was wondering whether 1914 would be considered as a fair basis.—A. Probably it is not, from the standpoint of the price of agricultural products, of wheat probably not.

By Mr. Sales:

Q. The price of machinery is about the same?—A. Yes.

By the Chairman:

Q. We had this produced yesterday; spring wheat 66 cents per bushel in 1913, and 84 cents in 1922.—A. Is that the Winnipeg price?

Q. No. that is the price all over Canada.—A. Spring and fall wheat together, all wheat was 67 cents in 1913 and 85 cents in 1922.

By Mr. Robinson:

Q. What we have not done is to work it into bushels of wheat, which is the most interesting and graphic way of putting it. In January, 1913, a walking plough cost $14.75, but that is not the plough we are talking about.

Mr. SALES: Get the Regina list instead of the Ontario list, Mr. Chairman.

The CHAIRMAN: A fourteen-inch gang plough cost $89.50 in 1913.

Mr. SALES: And $90 in 1914, but you put 65 cents down for wheat instead of $1.48, which makes a difference.

By the Chairman:

Q. Would it be any trouble for you to make out—I do not ask you to delay now—or carry it back to 1913 and 1912?—A. I would be glad to do that, Mr. Chairman, and submit the figures. I also have the same comparisons with regard to a twenty double disc seeder. Shall I quote all the years again, Mr. Chairman?

Q. If you please.—A. In 1914 the price of the seeder was $147, and it would have taken 100 bushels of wheat to buy the seeder; in 1915 the price was $154, and it would have required 170 bushels of wheat; in 1916 the price was $154, and it would have required 121 bushels of wheat; in 1917 the price was $178, and it would have required 92 bushels of wheat; in 1918 the price was $229, and it would have required 116 bushels; in 1919 the price was $239, and it would have required 104 bushels; in 1920 the price was $261, and it would have required 169 bushels; in 1921 the price was $303, and it would have required 399 bushels; in 1922 the price was $242, and it would have required 285 bushels of wheat. In 1914 the price of a seeder was $147, in 1915 it was $154; it would have taken a hundred bushels in 1914 and 170 bushels in 1915.

By Mr. Caldwell:

Q. Have you any statistics as to the cost of producing a bushel of wheat in those years; if you have, your statement would be complete?—A. No; we have never in our Department made any estimate of the cost of production per bushel.

Q. Without that it is not complete; if we had the cost of producing a bushel of wheat in the different years, your statement would be complete.—A. It is something that is very difficult to estimate accurately.

By Mr. Sales:

Q. Are you taking the statistics as Mr. Grant and others did, by getting the farmers to keep figures under the supervision of your officials?—A. We have given that some consideration, and it is a very interesting work, but whether it leads to any definite conclusions I am not very well convinced. It is rather a strange thing in respect of agricultural statistics, that in regard to the cost of production you can take any line of agriculture and on that line alone figure out a loss, nevertheless when you adopt all the various lines of agriculture the figures produce a profit.

Q. It would show to the man of the city who works eight hours a day what he owes to the man engaged in agriculture who works 14 or 15 hours, and when we learn that the remuneration paid to the man in the city is greater than that paid to the man engaged on the land, I think that is something these people have never realized yet.—A. I am not sure that that would show it fairly; if you take one line of production and do not take the whole of the activities of the farmer into consideration, I am not sure that you will make a fair statement.

Q. Take the time spent in harrowing, seeding and so on, the actual time spent on a field of wheat, oats or barley, would that not show the cost of production?—A. Well, I have not yet made up my mind definitely on the matter, and our Government has not yet determined upon a policy in that connection. Many of these estimates of the cost of production that have been made on various lines of agriculture would show a loss, yet at the same time, taking all things together the farmer as a whole would nevertheless have made some improvement in his general financial condition, it would show that over a period of years, say ten years, he had accumulated some resources.

Q. But I want to show how the cost was arrived at, taking the number of hours per day.—A. I will get to that later, Mr. Sales, but up to the present time we have not done so.

By Mr. Hammell:

Q. It may be so interlocked that when you take one thing and interlock it with something else, the result may be altogether different?—A. Yes. Take the pork packer; if he undertakes to keep his costs of curing bacon and does not take into consideration the by-products of his factory, he is not going to be able to show a factory profit in converting hogs into bacon, but taking the whole thing, one thing with another, the whole activity would show a profit, and I think that would be the only fair way of judging as to whether farming is or is not a profitable industry.

By Mr. Sales:

Q. I wanted to show how much the farmer gets per hour, and how many hours he works per day, because everybody here does not realize that.—A. Those figures are not easy to work out.

By Hon. Mr. Motherwell:

Q. Is this the situation; take any line of work and keep a set of figures, those figures may vary from time to time or from year to year, but if you take ten years ago and proceed along the line of diversified farming, the condition of things is better to-day than it was ten or twenty years ago?—A. Any of these estimates of the cost of production has shown about that situation.

Hon. Mr. SINCLAIR: There must be something wrong then with the system of accounting.

By Mr. Milne:

Q. If you will follow through the accounts, you will find that they vary; some of the estimates produced here show a profit on almost every line they engaged in?—A. Everybody knows that there are certain farmers who are not doing well, and there are others who are doing well, so I do not see that that is any basis for condemning a system of cost accounting. I am not saying much about it; at the present time I have not investigated it sufficiently to make a definite statement with regard to the value of it or the accuracy of it.

By Mr. Sales:

Q. You are intending to investigate it, at any rate?—A. We are investigating it.

By Mr. Elliott:

Q. Is it possible to arrive at any definite conclusion, with a bookkeeping system on a farm?—A. I don't know.

Q. Have you never done it?—A. Not a complete system of bookkeeping.

Q. What is your opinion; do you think it is?—A. I don't know.

By the Chairman:

Q. Is it a wise thing for a farmer to keep books, or should he trust in Providence and a good hard-working wife?—A. I have heard some men say that it is not necessary to tell you whether you are prosperous or not, that you feel it in your pockets.

By Mr. Sales:

Q. The best way is, as the Hon. Minister of Agriculture (Mr. Motherwell) says, to have a hard working wife and a large family, and do not pay them any wages?—A. I think a man should know when any particular line of his activities is losing money for him; I think that is a good plan to follow.

Mr. SALES: I feel sure that some of our people are pursuing wrong lines, but do not know it.

By Mr. Forrester:

Q. Among the hardest things the farmer has to contend with is the impoverishment of the soil; do you find that to be the case in the West?—A. We have not found that to be one of our difficulties in the Province of Saskatchewan, at least up to the present time, although it is something that should be considered.

Q. They say a crop of corn in the State of Illinois, taking it over a period of five or seven years, is not one-half what it was when the soil was first broken up.—A. We have not found the fertility of the soil, the depleting of the soil of its fertility to be a matter for serious consideration up to the present time. I think any agricultural people, or any other people for that matter, would be wise to take that into consideration in the cultivation of their soil and keep close tab on it.

By Hon. Mr. Motherwell:

Q. As time goes on the question of the fertility of the soil will become more and more important?—A. Undoubtedly.

By Mr. Forrester:

Q. Does that not account in some degree at least for the hard times the farmers are up against?—A. I don't know. The ingredient in the soil which we are a little anxious about is, the vegetable matter. Our summer fallowing has been a little hard on the vegetable matter in the soil, but as far as producing a crop is concerned, we have not found it a serious matter except for drifting soil.

By Mr. Sales:

Q. That is, we have land that has been cropped for thirty years and we can still get a good crop from it?—A. No doubt.

By Mr. Forrester:

Q. If there is vegetable matter in the soil, that will retain the moisture?—A. Yes, it will, very much. I have some figures in regard to the purchasing power of a pound of wool in the matter of the purchase of clothes, which is another important item in the living of the people. I have taken the price of a suit of clothes in 1914 at $35, and the price of a pound of wool at 19 cents; it therefore would have required 184 pounds of wool to purchase a suit of clothes in 1914. I have not taken the price in 1915, 1916, 1917 or 1918, because I was not very sure as to what advance had been made, and was not able to get very accurate figures, so I let those years go.

By Hon. Mr. Sinclair:

Q. What was the price of a suit of clothes in 1914?—A. $35 in 1914, and wool was 19 cents a pound, and it would require 184 pounds of wool to buy a suit of clothes in 1914.

By Mr. Caldwell:

Q. Have you any statistics as to how many pounds of wool would go into a suit of clothes?—A. No, I have not.

Q. Have you any idea as to how many pounds of wool would go into a suit of clothes?—A. I have heard figures quoted in that connection, but I would not like to state them.

By Mr. Sales:

Q. Your figures are pretty high for a suit of clothes. I never paid that much for a suit at that time.—A. In 1915 the price of wool was 28 cents, in 1916 the price was 37 cents, in 1917 it was 59 cents, in 1918 it was 60 cents. In 1919 it was estimated that that same suit of clothes would cost $75.

By Mr. Stansell:

Q. Is your estimate of the cost of a suit of clothes based upon a made-to-measure or a ready-to-wear basis?—A. Probably made-to-measure, a good suit of clothes; that is what it would mean. I did not want to make it appear that the farmers were an impoverished lot, when I made this calculation.

By Mr. Caldwell:

Q. The ready-mades are of such a variety that it would be hard to arrive at any general conclusion?—A. There may be a little in that.

By Mr. Stansell:

Q. Mr. Sales raised the question as to whether that was the correct price. Some people are so constituted that a ready-to-wear suit can be quite easily obtained, while others are not so constituted, so I think the made-to-measure is the proper basis.—A. In 1919 it was estimated that that same suit of clothes would cost $75; wool was worth 60 cents a pound, and it would have taken 125 pounds of wool to buy that same suit of clothes in 1919. In 1920 a suit of clothes was about the same price, $75, but wool was only 22 cents a pound, so it would have taken 341 pounds of wool. In 1921 clothing was down a little bit and we estimated that that suit would cost $65; wool was 14 cents a pound, and it would have taken 465 pounds to buy a suit. In 1922 we put the price of the suit at $65; wool was 18 cents a pound, so it would have required 362 pounds, that is to say, to purchase approximately a suit of the same quality it would have taken 184 pounds of wool in 1914 and 362 pounds in 1922.

By Mr. Caldwell:

Q. Almost 100 per cent more?—A. Yes, almost.

By Mr. Munro:

Q. What would be the average clip of wool from sheep?—A. I am not sure.

Mr. HAMMELL: 7 pounds.

Hon. Mr. SINCLAIR: About 7 pounds.

Mr. MUNRO: I was trying to find out how many sheep a man would have to clip the wool off of in order to buy a suit of clothes, in 1922.

Mr. SALES: Over fifty sheep.

Hon. Mr. MOTHERWELL: If it were not for the comfort of the sheep, it would have been better to leave the wool on the backs of the sheep that year.

Mr. MUNRO: Would it be a reasonable supposition that there would not be any more wool in that suit than there would be before?

Mr. SALES: Not so much, because they are getting cleverer at mixing the shoddy in it.

Mr. ELLIOTT: There are about four pounds of wool in an all-wool suit.

The CHAIRMAN: If Mr. Elliott has the bills, he knows something about it, and he says there are about four pounds of wool in a suit of clothes. A man generally weighs about ten pounds less when stripped than when standing in his clothes.

Mr. CALDWELL: That includes his boots or his shoes.

The CHAIRMAN: For the purposes of easy computation, let us say that there are 10 pounds of wool in a man's suit of clothes; how many sheep would he have to clip?

Mr. SALES: 46 in 1921 and 36 and a fraction in 1922.

Mr. STANSELL: It might be fair, if you are going to bring it down to the number of sheep required, to put in on the basis of a man and his family, because one man alone does not run a farm. If you take a certain number of pounds required for him, you must estimate for his family as well.

The CHAIRMAN: Being in the position of the schoolmaster of this very highly interesting class, I will give you a problem, the answer to which you will get ready for our next meeting: How many sheep will have to be clipped, in order to furnish a family with woollen clothes, at this year's prices, taking the standard Ontario family?

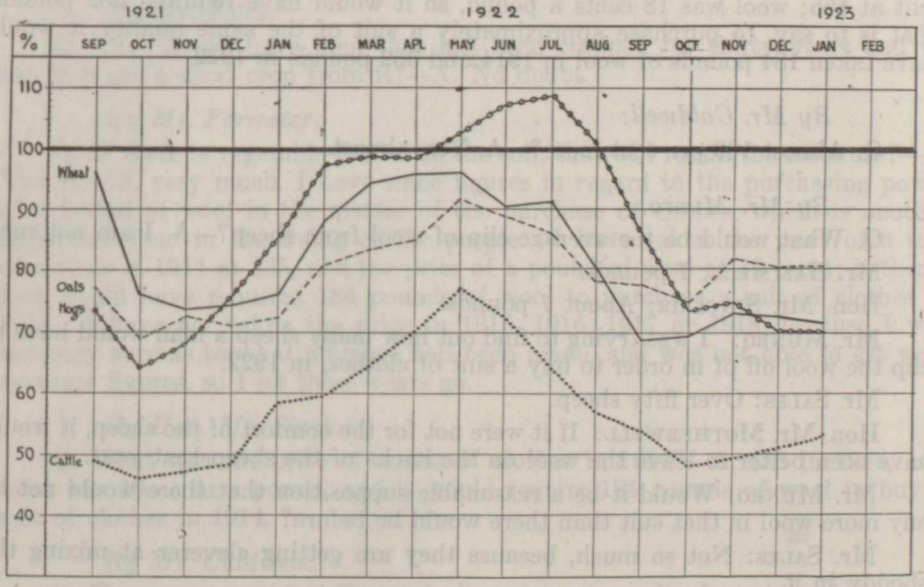
WITNESS: The depreciated purchasing value of certain farm products is shown graphically in the accompanying chart based on figures prepared by Stanford Evans, Statistical Service of Winnipeg.

EXHIBIT No. 94

Purchasing Power of Wheat Oats Cattle and Hogs 1921-22-23-.

(Basis General Wholesale Prices)

Wheat and Oats 100 = Average purchasing power Sept 1.1912 to Aug 31.1914.
Cattle and Hogs 100 = Average for calendar years 1910.1911 and 1912.
Wheat and Oats (Ft William), Cattle (Winnipeg), Hogs (Toronto).



The figures for wheat and oats are compared with the purchasing value of these two crops for the twenty-four months preceding September, 1914, which is expressed as 100. The comparison of cattle values is based on the purchasing value of good butcher steers on the Winnipeg market during the calendar years 1910-1911-1912; while hog prices are based on Toronto prices for the same period and are taken in such case as 100 for comparison.

In view of the foregoing it is not surprising that farmers should be feeling discouraged. We feel that while our production might be improved, the trouble is not in that direction, but rather in the low purchasing value of our commodities.

Some indications of prosperity

Notwithstanding this, however, we are not bankrupt nor without hope of improved conditions. I understand that the Soldier Settlement Board has had better collections from their Southern Saskatchewan district than from any other district in the whole Dominion. Up to the middle of April they had realized 70 per cent of the amounts due and a substantial sum was paid on accounts not yet due. Payments either in full or in part of 1922 instalments were made by 82 per cent of the Soldier Settlers in that district. Soldier Settlers in Central Saskatchewan had up to January 31st contributed almost 40 per cent of the sums due for 1922 while the Northern district had paid 50 per cent of the 1922

instalments and in both of these districts several payments were made before maturity.

Saskatchewan in comparison with other localities

It is natural for people in difficulties to regard themselves as less fortunate than others. We are perhaps inclined to suppose that farmers in the United States have all the advantages at the present time.

We have in Saskatchewan a local Bank with some 23 branches, all in Saskatchewan. A number of the directors live in North Dakota, Minnesota and Montana. The annual meeting of this Bank was held this month, and showed the earnings on capital 9.3 for the year as compared with 8.9 for the year previous.

The following is an extract from the published report of the proceedings of the annual meeting:—

"The shareholders, and particularly those who came from the United States for the meeting, were gratifyingly impressed with the favorableness of the financial reports as submitted to the meeting by General Manager H. O. Powell. The American shareholders were more than pleased with the sound and flourishing condition in which they found the Bank and with the impression which they gained from the statement submitted regarding the general conditions of the Weyburn area. Due to depression and difficulties that hindered business in the northern States at the present time, the healthy condition of things in southern Saskatchewan, generally speaking, came as a great surprise to the Amerricans. They were unanimous in saying that the people of the Weyburn area were in far better condition than those of the States whom they were familiar with. Only after they had studied the financial reports could they believe that conditions were as favorable here as they found them."

As regards bills receivable, there was really no reduction to be expected last year in view of the heavy demands upon their revenues which the farmers (who constitute the bulk of the Bank's clientele) had to meet out of current revenue from their farms. It was actually a hard year for the farmers, many of whom were compelled to let their taxes and real estate loans get in arrears, as well as other smaller debts. The Security's policy was not to press unduly hard for payment. A great deal of the proceeds of the crop went towards payment of taxes and floating debts in the community. Statements of the large loan companies show this to be true, due to reductions in past due interest and rural municipal statements also. The rural municipalities were practically all in better shape now than they were during the past several years.

The CHAIRMAN: This will be exhibit No. 94.

By Hon. Mr. Motherwell:

Q. Before we leave that question, is there not a tendency to remedy this situation by ordering suits from the Co-operative Wool Growers Association and get more value out of the wool, by weaving it ourselves.—A. Made from Saskatchewan wool, yes. In fact, I know that, since clothing can be ordered in that way, and I believe very satisfactory clothing at more reasonable prices.

By the Chairman:

Q. What prices do you pay for those made from your own wool?

M. ELLIOTT: They are very much less.

Mr. MUNRO: Two years ago I visited a farm home down in my riding and they were talking about the price of wool. They were offering seven or eight cents a pound and could not get it. This man brought out blankets he had made up from his own wool at about one-third the price. They were all wool.

Mr. ELLIOTT: Just in this regard, would it not be a good thing to get a price list from the Co-operative Wool Growers in Toronto. They have the price at which they sell this cloth.

Hon. Mr. MOTHERWELL: Yes. As a matter of fact, several of us could be called. The only difference will be, the wool would be factory spun.

The CHAIRMAN: Will the Secretary take a note to write to where Mr. Elliott suggests?

Mr. ELLIOTT: It is a firm in Toronto.

The CHAIRMAN: Mr. Secretary, will you take a note to ask Mr. Elliott to give you the address of the Co-operative Association to write to for their prices?

Mr. ELLIOTT: At Weston, Ont.

The CHAIRMAN: Mr. Elliott is going to get it for the Clerk and he will write to this Association to get their prices and samples of cloth made from native grown wool.

Mr. HAMMELL: I think there are some of them upstairs now.

By Mr. Hammell:

Q. In regard to the loan companies, what have you to say to the statement which I see made, that since 1922 the Saskatchewan Government has sold $755,000 worth of farm loan bonds to farmers. Would that be correct, do you think?—A. I am not sure whether I have any information on that or not. What is the statement again?

Q. The statement is to the effect that since October, 1922, the Saskatchewan Government has sold $755,000 worth of farm loan bonds, mostly to farmers.—A. I have not the figures here with regard to the amount that has been sold, and to whom. I know a considerable sum has been sold. I am of the impression that a considerable part of that was taken by the municipal hail insurance of the province of Saskatchewan. It is in the nature of a co-operative association of rural municipalities. They have a surplus at the present time, I think, of about one million and a half dollars, and I know they have invested considerable sums in Saskatchewan farm loan bonds, and I think their amount would be included in this.

By Mr. Sales:

Q. Would it not be three-quarters of a million?—A. That they purchased? No, not that much.

Q. I do know myself personally some men who have had farm mortgages and they have insisted on their being paid up and have invested their money in the Saskatchewan Farm Loan Board, rather than loan it out to the farmer. —A. I do know that a very considerable sum of money has been invested by the people of Saskatchewan in Saskatchewan farm loan bonds during the past year.

Q. And by the hail insurance?—A. By the Saskatchewan hail insurance. It is a co-operative association of the municipalities.

By Hon. Mr. Motherwell:

Q. It comes entirely from the farmers?—A. Yes.

Mr. SALES: Mr. Hammell's deduction is not correct by a long way.

Mr. HAMMELL: I just asked whether that was correct, in his opinion.

The WITNESS: I am of opinion, although I would not care to make it as a definite statement, that probably half of that amount has been invested by individual investors, in the province of Saskatchewan.

Mr. STANSELL: If you would allow me to interject an answer to a question you put a little while ago, it might be interesting from the figures that have been given us. I have made what I think is a fairly accurate estimate, based on the figures supplied by Mr. Hamilton, and what I think are conservative estimates as to the production of wool and other costs, and I find that according to the figures supplied for 1922, a man with a family of five, allowing for an overcoat, and a small amount for underwear, which is a conservative estimate, would have to keep 440 sheep, to clip the wool and sell it for enough to provide clothing for himself and his family of five. From figures submitted by the witness for the year 1922 and from estimates made by members of the Committee, which appear to be very fair, from my own personal knowledge, I submit the following deduction, which I believe to be correct. It would require seven sheep to produce enough wool to make sufficient clothing for a family of five, but it would require a flock of 440 sheep to produce enough wool, which if sold at current prices in 1922, would purchase clothing for the same family.

The WITNESS: I have here another statement from the municipal department of the Government of the province of Saskatchewan. It has to do with the financial standing of rural municipalities of the province. (Reads):—

Re: Tax Collections in Rural Municipalities of Saskatchewan.

"Financial statements have been received from 261 out of a total of 301 rural municipalities. According to these statements the total uncollected taxes in these 261 municipalities at the end of the year 1921 was $13,260,384.11. The uncollected taxes in the same municipalities at the end of 1922 was $11,226,544.57. This is a reduction of $2,033,-839.54, or 15 per cent. In a number of municipalities the reductions in arrears are considerably in excess of 15 per cent. According to the records four municipalities made a reduction exceeding 30 per cent, the reduction in two of these being 45 per cent and 47 per cent respectively. The bank loans in a municipality are usually considered a fairly good index of the municipality's financial standing. At the end of the year 1921 the bank loans in the 261 rural municipalities referred to above amounted to $5,745,302.95. At the end of the year 1922 the bank loans in these municipalities amounted to $3,066,007.89. This was a reduction of $2,679,295.06 or 47 per cent."

By Mr. Sales:

Q. What was the total uncollected in all municipalities in 1921. You must have the total for the whole of them for 1921?—A. In 1921 the total uncollected for 261 was—.

Q. Why do you take 261?—A. Out of 301 rural municipalities, on the date on which this statement was prepared, the annual statement had only been received from 261. The annual statement is prepared by the auditor as soon as possible after the end of the year, but it is usual to go to May or perhaps will go into April before these statements are in the office of the Municipal Department.

Q. What was the total of the uncollected taxes for the whole 301 municipalities in 1921?—A. I have not that. We took the 261 rural municipalities which had reported, the date upon which this statement was prepared. There was no selection made.

By the Chairman:

Q. And you prepared these same municipalities with the year before?—A. With the year before.

Q. It is quite possible that the 42 odd were not among the best?—A. They might be among the best and they might not be among the best.

By Mr. Gardiner:

Q. They would have returns for 1921 in the municipal office?—A. We could not consider that any comparison could be made by taking 200 in 1921 and only 61 for 1922.

By the Chairman:

Q. Those that had not reported in 1921, would they be, on the average, in the same position as those which did report?—A. Financially you mean? I do not know the municipalities. I have not any information. There were simply 261 municipalities that had reported for 1922.

Q. During 1922 the municipalities reduced the amount of unpaid taxes by about 15 per cent?—A. Yes.

Q. Do you think that 15 per cent would be fairly representative of the whole province?—A. That is the condition with regard to 261 municipalities.

By Mr. Hammell:

Q. Is it not a fact that that wholly lies with the municipal officers? They have been delinquent in making their returns?—A. I would not even say they have been delinquent.

Q. When does your department require that the return should be made?—A. As soon as possible after the end of the year.

Q. Is there not a date?—A. I think probably about the 15th of—.

Q. The province of Ontario sets a date.—A. I think we have, but I have not that. In my own mind at the present time I think it is along about April sometime. In April sometime.

Q. Your local municipality collects the provincial levy too in Saskatchewan?—A. Yes.

Q. I see a statement that the provincial tax in Saskatchewan in 1922 was 3.20 per capita. Is that right?—A. That is the provincial tax.

Q. Including automobile tax, 3·20 per capita?—A. I have not the figures here of the report.

Q. This is the report of the Saskatoon Star and the Regina Leader. That is 3·20 per capita, included with the automobile tax?—A. I would not be disposed to question these figures.

Q. It would only require one automobile in a family?

By Mr. Gardiner:

Q. While we are on this question, Mr. Hamilton, you state in 1921 the bank loans to those 261 municipalities were $5,745,000, and that in 1922 the bank loans were $2,061,000. Might not that reduction be attributed to the fact that the banks had practically ceased to make loans to municipalities?—A. At the end of the year 1921, the bank loans—that would be the amounts that would be repaid, amounted to that. These were amounts that were owing by the municipalities.

By Hon. Mr. Motherwell:

Q. They were overdue?—A. I would not say they were overdue. They were amounts owing by the municipalities to the banks at the end of the respective years.

Q. Is it not a fact that the banks have been in the same position with municipalities, as they have been with individuals? They have been requesting the municipalities to pay up their indebtedness and have not been giving them

any loans or increases?—A. It is true the banks have been pressing for collections, but in the province of Saskatchewan since 1922 the banks made a special effort to finance the school districts and I would not say—I do not think it would be a correct statement to make that lines of credit had been restricted to municipalities in 1922.

Q. In so far as school districts are concerned?—A. The general loans by the banks to municipalities.

By Mr. Sales:

Q. I believe it is reasonable to deduce that while the banks have given fair credits for school purposes, yet on the other hand they have, as far as municipal necessities are concerned, that is for road building, et cetera, many municipalities have absorbed the length of their credit and additional loans were not guaranteed?—A. I am of the opinion that the usual line of credit was extended in most cases to municipalities in 1922, that the total amount of their credit was not restricted beyond—

Q. Does it not mean instead of doing road work that the fixing of the roads had to be left and the bank had to be paid off?—A. Undoubtedly, the municipalities used their revenue to decrease their liabilities rather than in an extended programme of improvements.

The CHAIRMAN: They deserve credit for that, too, undoubtedly.

By Mr. Sales:

Q. You will note that the bank expected these loans for to be cleared up at the end of the year, because all the taxes are collected in November and December, and therefore any amounts left over must be overdue. You know the policy of the western bank is to clean up at the end of the year?—A. I know those are the terms under which money is borrowed at the early part of the year, but that it is not usually the practice to have it paid up.

Q. The usual practice is to want to have it paid up?—A. Undoubtedly.

Q. You will not object to my statement that those could be described as overdue.—A. Well I do not know if I would call it overdue or not. You might call it as you please. They are no doubt amounts that have been undertaken to be paid at an early date.

Q. When your income is in November and December and you do not meet your obligation, it means you have to carry it another year before you have any chance to meet it.

The CHAIRMAN: I would like to get Mr. Hamilton's opinion, which I think would sum up the whole situation. Last year we had a very distinguished statesman from western Canada appear before the Agricultural Committee, and I would like you to listen to what he said, then I will ask you whether the situation has improved in Saskatchewan and to what extent. This gentleman said: (Reads).

> "Conditions in our province have not been very good during the recent years. During the period of the war and the years immediately following, crop conditions were not favourable in many sections of our province, largely due to drought conditions which existed in many sections. In the years 1920 and 1921 we had a fair crop, but the cost of production was so high in comparison with the price received for the products, that a man that had a crop was little better off than the man that did not have a crop. I just want to make a calculation here in regard to an average wheat farm in the Province of Saskatchewan in the year 1921, just for the purpose of substantiating the contention which I have endeavoured to make that agriculture has not been in a thriving

condition during the past six years. We take as the average farm in Saskatchewan a half section, although probably it is a fraction more than an average farm. On the basis of 320 acres at $25 an acre, the investment would represent $8,000; buildings, $2,000; stock and implements, $2,000; making a total investment of $12,000.

"Unfortunately, in the Province of Saskatchewan, there are not many such farms that are free from debt, and a conservative estimate of the amount of the mortgage on such a farm would be $3,000. Also most farmers have other liabilities such as indebtedness to the banks and machinery companies, and also indebtedness for stock. I estimate that other indebtedness, outside of mortgage indebtedness, at $2,000, making the total indebtedness of the average farmer on a half-section about $5,000. I think in making that calculation we must allow interest on the amount of indebtedness, because interest should be met every year. The interest at 8 per cent on $5,000 is $400. The taxes on the average half section would amount to about $90. The allowance for food, clothing, fuel, etc., for the farmer, his wife and his family, would amount to about $1,200, which is, I think a rather conservative estimate. The labour on the basis of one man for eight months at $60 a month would amount to $480, and the board for one man for eight months at $25 a month, $200. Then horse maintenance, eight months at $60, $480. This has been worked out by some of the statistical branches of the northwestern states of the American Republic. Then, seed; wheat 240 bushels at $1.50, $360; oats, 80 bushels at 75 cents, $60. Then hail insurance, 200 acres at 60 cents, $120. Then twine, 400 pounds at 20 cents, $80. Threshing: wheat, 2,368 bushels at 20 cents, $473.60; oats, 1,308 bushels at 12½ cents, $163.50, making a total cost of production of $4,107.10.

"Then as to the income taking the 160 acres of wheat and 14·8 bushels per acre, we get 2,368 bushels at 80 cents, $1,894.40; oats, 1,308 bushels at 25 cents, $327, making the total production of the farm $2,221.40. Then if you subtract the revenue of $2,221.40 from the total cost of operation $4,107.10, the deficit on the year's operation amounts to $1,885.70."

Q. I understand conditions in Saskatchewan this last year were somewhat better than the year before?—A. Yes.

Q. Would be able to state whether that deficit would be wiped out on the average farm, and if so, would any profit be made?—A. I think Mr. Chairman, that that statement was a very fair statement of a year ago.

Q. I did not expect you to contradict it, but I am of the opinion, and I think the figures I have quoted with regard to Soldiers' Settlement Board, the collection of taxes, the statement of the directors of the Weyburn Security Bank indicate that conditions have somewhat improved, at least in certain sections and over a considerable area in the Province of Saskatchewan in 1922. I would like you to take that basis of your own calculation last year and work out what you think it would come to this year. I think that would be interesting to have one year with the other.—A. I have that statement here, and it shows an average half section of a wheat farm. It was something like the calculation Mr. Sales wants to make on the question of producing wheat.

The CHAIRMAN: A witness is never allowed to discredit his own testimony.

The WITNESS: It was to estimate the cost of producing wheat. Never in my experience in western Canada, and that is about 31 years, have I ever seen such an effort made by people to keep down their expenditure and reduce the

cost of producing their crop as was made last year. Those things have to be taken into consideration, and I do not know that they can be made into a calculation.

Q. You are just as good a calculator this year as you were last year, are you not?—A. Yes.

Q. We would like you to try it. I would not like to have you go away with the idea that you are making a calculation because you wanted a wheat board and that this is not a sound basis of calculation when—.—A. I have not anything to retract from the statement I made last year.

Q. I am not suggesting for a moment that you should, but I want you to follow the same basis of calculation and see where you arrive this year, because if you could do it last year you can do it this year, because if you could do it last year it seems to me if that was a fair basis of calculation last year it is a fair basis this year.—A. I could make the calculation and I would be very glad to make it and submit it to you.

Q. I want you to make it.—A. You want me to take the same items, substituting new figures?

Q. Exactly.—A. We are making a plea now—we are giving consideration to the question of agriculture, and I think that you will have to take the figures we produced then and take them at their real value in connection with that consideration. They are a factor to be considered, but they are not the whole matter to be taken into consideration when you are considering this question. They are subject to the limitations by which they were affected last year, no less and no greater limitations than last year.

Mr. CALDWELL: That is quite evident. I notice that the Legislature at its last Session passed a resolution, which starts out:

> "Whereas the present condition of the agricultural industry in Saskatchewan is such as to cause serious concern for its success in the future: and
>
> Whereas grain and farm products generally are being sold now at prices below the cost of production and
>
> And whereas a continuance of this condition will mean ruin to the industry and serious embarrassment to other industries and to Canada at large;"

On the same page, which is page 113 of the Minutes of Proceedings and Evidence before the Select Standing Committee on Agriculture and Colonization, Friday, April 21, 1922, the following appears in the remarks made by Mr. Hamilton:

> "I may say, Mr. Chairman, that this resolution was adopted by the unanimous consent of the Legislature of the Province of Saskatchewan. As stated in the resolution, a similar resolution was adopted at the previous Session,"—

The CHAIRMAN: Mr. Hamilton, this Committee has just one object, that is, to try as far as we can to discover the real facts, and then to try and make some suggestions for remedies which are in the power of the Legislature to bring about.

WITNESS: I see it is nearly twelve o'clock, and I have one or two suggestions to make before I conclude.

Mr. SALES: Keep right along, Mr. Hamilton.

Mr. CALDWELL: We can work along until twelve o'clock to-night if necessary.

By Mr. Sales:

Q. Before you go on with your suggestions, Mr. Hamilton, I notice that all your remarks so far have been applicable to the south and the betterment of conditions there. Anybody who knows the south knows that conditions certainly ought to be better. In my own home, and in my own little village we have had to pack up bundles of clothing and send them down to the district that you have been speaking of, in past years, and your Government has had to extend relief for years past to people in Southern Saskatchewan; they have had to do that time and time again—I am speaking of Southern Saskatchewan.—A. Not time and time again, Mr. Sales.

Q. Yes, I would say time and time again; we have had to do that in the matter of clothing for several years, and all your remarks have been tending towards showing the betterment of conditions in the south. Have you any knowledge of the Outlook Bank?—A. I have heard of it.

Q. It is closed up?—A. Yes.

Q. That is in Central Saskatchewan?—A. Probably Western, or the Central West.

Q. You see you had brought both sides of those tables, the results would have been different; the Weyburn Bank and the Outlook Bank are about the only small banks we have.—A. You are hardly correct when you say that all my statement has to do with Southern Saskatchewan. I referred to the Soldier Settlement Board in South Saskatchewan, of which we have the figures up-to-date. I did not wish to quote figures, because I wanted to be accurate, and I did not want to make an unfair comparison. I did not wish therefore to quote figures for the north. The statement of the Weyburn Security Bank does not refer to South Saskatchewan. The statement of the 262 municipalities I referred to did not refer to South Saskatchewan, therefore I do not think you are fair when you say that all my statement had reference to South Saskatchewan.

Q. The 77 per cent and the 82 per cent relate to South Saskatchewan, and your reference to the Weyburn Bank relates to South Saskatchewan?—A. No; there the Weyburn Security Bank branches go as far west as Mossbank, which is southwest of Moose Jaw; they have a number of branches in South Saskatchewan, southwest from Moose Jaw.

Q. Isn't that the portion of the Province which this year had a much better crop than the rest of the Province?—A. Undoubtedly it had a better crop than many other sections had.

Q. The best since 1915?—A. Yes, I think so. I have not got the figures on that. I think the portion of Saskatchewan south of the Saskatchewan River and south of Qu'Appelle had as good a crop as it ever had.

Q. What would the figures be?—A. I do not know.

Q. They have had a yield of how much?—A. Forty bushels.

Q. The average of the whole province was only twenty?—A. Yes.

Q. So that if they have had forty bushels in some cases, somebody else had a much smaller yield?—A. The area was not very large where they had forty bushels; it was not a very large area.

Q. The point I am making is that these remarks about the south are not indicative of the general condition over the whole of the Province?—A. It is a peculiar situation, although I do not wish to discriminate or to draw any comparisons between one section of the Province of Saskatchewan and another. A rather peculiar thing is that where we have the greatest complaints from of any section of Saskatchewan is were we have never had a crop failure.

By the Chairman:

Q. Complaints about what?—A. Conditions, hard times.

Q. Why do you think that is; there must be some reason for it.

By Mr. McKay:

Q. Are the people there foreigners, or are they mixed?—A. Some of them are foreigners, not exclusively. I do not wish to draw any comparisons between different sections of the Province of Saskatchewan.

Mr. SALES: He lives there, and must be careful.

By Mr. McKay:

Q. Have you compared the condition of the farmer in Western Canada to-day with the condition of the farmers in the Western United States?—A. The only expression of opinion I have is that of the Weyburn Security Bank.

Q. Are you aware that there is a report issued in the United States reciting that although a great percentage of the Western farms are going into the hands of tenantry, that their condition is very much worse than ours; you will get a synopsis of the report in the Toronto Globe.—A. It is going into the hands of the tenants because the landowners are hard up.

Q. Their farms are not paying?—A. I think the figures I have produced tend to show that farming is not paying on the basis it would under ordinary circumstances.

Q. There is certainly a deflation in Canada in the prices of farm produce? —A. Undoubtedly.

Q. The conditions are bad, relatively speaking?—A. Yes.

Q. Is the condition of the farmers in the United States equally as bad or worse?—A. I have no personal opinion upon that question.

Q. From what I can read and from whatever information I can collect, the condition is equally as bad over there as it is here, if not worse; have you any information as to the condition of the farmers in Argentine, where the wheat exporters are? We know the condition is bad in Europe, but speaking apart from Europe are you able to give us any information as to the condition of agriculture in the other nations of the world which participated in the late war?—A. I am not able to give you any information other than I have given.

Q. You cannot speak relatively?—A. I cannot.

By Mr. Milne:

Q. Evidently the Soldier Settlement people are in fairly good shape in Southern Saskatchewan; how do you account for that, if they are giving up their holdings?—A. My information obtained from the Directors of the Soldier Settlement Board is that a large percentage of them have not given up their holdings.

Q. If I am not mistaken the average in the South is between 14 and 16 per cent.—A. I would not call that a very large proportion.

Mr. SALES: If you only get 14 failures out of 100, you are doing pretty well.

Mr. CALDWELL: These soldiers before they are settled have to go before a qualification Committee, and having been Chairman of that Committee I know something of the rigid examination they have to go through before they can get anything from the Soldier Settlement Board; it is not as high as it is in New Brunswick.

Mr. SALES: You only emphasize the point. If 14 per cent of hand picked soldier settlers are going to fall, what is going to be the perecentage of failures when we go into a wholesale immigration policy?

The CHAIRMAN: I am going to stop this discussion and allow the witness to proceed. Do you not think we should allow him to get along?

By Mr. Gardiner:

Q. There is one point in regard to a matter which has been already dealt with, that is, the outstanding taxes. You stated that there were 261 municipalities which reported taxes outstanding amounting to $11,226,544.57. For the benefit of the Committee I have divided that item up among these 261 municipalities, and the result shows an average tax debt per municipality of approximately $43,013. As I said before, this shows that the municipalities have these outstanding taxes. The municipalities in Saskatchewan average about nine townships each; take those townships and divide them into that amount and you will find that each township has outstanding taxes of about $4,779. Divide that by 36, which is the number of sections in a township, and you will find that each section has outstanding taxes amounting to $132; divide that still by 4, and you will find that every quarter section of 160 acres has arrears of taxes to the extent of $33. The figures for these 261 municipalities are actual figures, taken from Mr. Hamilton's statement and put into their proper places.

Mr. SALES: Every quarter section in those municipalities is in arrears of taxes to the extent of $33.

By Mr. Sinclair:

Q. What was the total amount due in those 261 municipalities, not the arrears, but due to the municipalities?—A. From the ratepayers?

Q. Yes.—A. I have not got that.

Q. Do you know what proportion of the total that would represent?—A. It would be very much more than this. Municipalities cannot borrow up to the amount of their outstanding taxes or their levy.

Q. What proportion of arrears—what proportion is that to the total amount of taxes?

Mr. GARDINER: You mean, what proportion of the $33 per quarter section as compared with the amount of taxes levied at the end of the last financial year?

Mr. SALES: He stated in his last year's statement that the tax was $90 on 320 acres or $45 on each quarter section.

Hon. Mr. MOTHERWELL: I have been following some of these computations up, and they will lead you to some quite erroneous conclusions. Take Mr. Stansell's calculation, for instance; each family will spend $562 on clothing per family. I think that is entirely a wrong way of making computations. Anybody sitting down with a pencil can get at it, without it going on the record. I do not think such calculations tell us very much.

Mr. GARDINER: Can you dispute these amounts?

Hon. Mr. MOTHERWELL: If you say it takes $562 to clothe a family with woollens, I say it is ridiculous.

Mr. MCKAY: The Department has all these figures on file.

Mr. GARDINER: Well, these are the figures on file.

Mr. MCKAY: But they are not complete.

Mr. GARDINER: Yes, they are. I know something about it. I have been in municipal life too long not to know what I am talking about.

The CHAIRMAN: Let me make this suggestion, gentlemen—

Mr. GARDINER: There is no question about these figures, Mr. Chairman. There is this sum of money which Mr. Hamilton has stated is the outstanding taxes in 261 municipalities. I have brought these figures down, and they show that every quarter section in those 261 municipalities had an outstanding tax indebtedness at the end of the financial year 1922 of $33 per quarter section, for every quarter section in those 261 municipalities, and these figures do not lie.

Hon. Mr. MOTHERWELL: That is not very much, is it?

The CHAIRMAN: I think we will have to proceed the way we do in the House, and have only one speak at a time.

Mr. CALDWELL: I have on observation to make in connection with Mr. Gardiner's figures; is it not a fact, Mr. Gardiner, that all those quarter sections are not occupied and are not all taxed, which would make the tax higher on those that are occupied?

Mr. GARDINER: I would not like to say how many are held by the C.P.R. and are not taxed, and there might be school sections that are not taxed.

Mr. CALDWELL: If that is the case, it would mean that the tax was higher on the lands that are occupied.

The CHAIRMAN: Have we finished this question?

Mr. HAMMELL: I do not propose to agree with these figures at all. I want to have the whole of the figures given by the Departments of the Province, showing the taxes levied and what per capita of taxes levied in the Province amounted to.

The CHAIRMAN: I think I agree with everybody; I am in that happy position. I think Mr. Gardiner's mathematics are correct, and I think Mr. Hammell's desire for a statement is a wise one. I am going to ask the witness that when he gets home he shall see the Minister of Municipal Affairs, and send us a statement showing (1) the number of municipalities they have in Saskatchewan, (2) the amount of taxes levied in the year 1922 on the whole of the municipalities, (3) the amount of taxes outstanding in respect of those municipalities.

Mr. MCKAY: They have all that information in the Department.

Mr. FORRESTER: The acreage too, and the assessment.

By Hon. Mr. Motherwell:

Q. Does that include hail insurance?—A. The municipal hail insurance is a charge against the land as taxes.

Q. Is that included in that statement?—A. Yes, sir.

Q. What about hail insurance?—A. All municipalities are not under the Hail Insurance Act. 124 municipalities are under the Hail Insurance Act.

The CHAIRMAN: I am going to appoint a sub-committee consisting of Mr. Gardiner and Mr. Hammell, to confer with Mr. Hamilton as to what they want, and he will no doubt get it for them; he is here to give us all the information we want. The Sub-Committee will meet before we meet this afternoon, after everybody has had lunch.

Mr. CALDWELL: Shall we appoint an umpire, Mr. Chairman?

The CHAIRMAN: No; they will have the whole thing over in fifteen minutes.

By the Chairman:

Q. You were going to proceed to another point, Mr. Hamilton?—A. Yes. I had a few suggestions that I wanted to make, which I believe will tend

towards bringing about a better condition than we have had in connection with agriculture in the Province of Saskatchewan. In addition to the decrease in the purchasing power of agricultural products, there are some things that have contributed to the condition in which we find ourselves. One of these contributing factors is the liabilities that have been incurred during 1918 and 1919. Those were the years in which we had an expansion in prices in all lines. A good many people purchased more land at that time, they purchased stock, they purchased implements, they prepared themselves for expansion, and that is one of the contributing factors to the condition in which we find ourselves at the present time. In addition to that, during the war years, when a large amount of money was in circulation, I think about $2,000,000,000 was borrowed by the Federal Government to carry on the war, and we had the pleasure of having part of that money pass through our hands. On account of the increased prosperity, owing to the amount of money in circulation and the high prices of our products, we established in some respects a standard of living somewhat higher than had been our custom previous to the war years. There is just one matter in particular that I would like to refer to in this connection, and that is the use of automobiles. Canada, according to the figures that have been issued, in 1921 issued licenses for 436,848 automobiles, and Saskatchewan issued licenses for 60,532. That is one of the conditions which has added to our cost of living at the present time, and I think it should be taken into consideration when we are trying to adjust ourselves after the war conditions.

Estimating that the average man travels 2,000 miles for pleasure, not taking business into consideration, and estimating that it costs ten cents a mile to travel, Canada would spend on pleasure owing to automobiles $92,769,600.

By Mr. Elliott:

Q. You had better reverse the figures.—A. The Province of Saskatchewan would spend for pleasure on account of automobiles $12,106,400.

By the Chairman:

Q. Are you putting on the other side of the ledger all that would be saved by the people being out in their automobiles instead of inside playing cards?

Mr. CALDWELL: Or in the movies.

WITNESS: Some others might make calculations in regard to some things that add to the standard of living or the expenses of living in this age.

By Mr. Sales:

Q. Will you give us your figures again of the amount expended?—A. In Saskatchewan?

Q. Yes.—A. $12,106,400.

Q. Is that based on mileage?—A. Yes; 2,000 miles for each man at ten cents a mile.

The CHAIRMAN: It would just pay the overdue taxes, Mr. Sales, if people would only stop.

By Mr. Sales:

Q. Are you assuming that all these automobiles are owned by farmers, and that all joy-riding is done by farmers? There are a good many people in cities who have no earthly use for a car, who can get a street car within a block or two of their doors, yet they drive expensive automobiles while the

farmers drive Fords.—A. I am not complaining or finding fault with the people for the use of the automobile; I think they have come to be recognized almost as a necessity; it has in fact got to be a habit with our people, that luxuries very soon become necessities of life.

By the Chairman:

Q. Do you think our people differ from other people?—A. No; I think all people are more or less alike.

By Mr. Elliott:

Q. You would not argue of course that a farmer is not entitled to an automobile?—A. I do not pretend to even suggest that, let alone argue that a farmer is not entitled to an automobile, or anybody else for that matter.

By Mr. Sales:

Q. You have too much sense for that.—A. But it is a factor that we must take into consideration when considering our present economic conditions. That is only one of the increased expenditures which we are indulging in at the present time, and which we must consider if we are going to attempt to balance our budget.

By the Chairman:

Q. What is the expenditure on tobacco?—A. I do not know; I do not use tobacco.

By Mr. Caldwell:

Q. Do you use an automobile?—A. Yes, sir.

Mr. SALES: About $15 a year for tobacco.

WITNESS: These are all things I think should be taken into consideration when we are endeavouring to bring about an adjustment of these affairs. As I see it, from the standpoint of the farmer, and looking at it entirely from the standpoint of the farmer, the figures I produce indicate that the purchasing power of farm products is only about seventy per cent of what it was before the war. How are we going to close up that gap?

By Mr. Sales:

Q. Isn't that too large?—A. That is approximately what it is; it may be a little high, but it is approximate.

Q. You are certainly working on the conservative side.—A. Yes. I usually try to be moderate in my statements. The question is from the standpoint of a farmer and from the standpoint of agriculturalists in the province of Saskatchewan, how are you going to close up that thirty per cent? Can we do it by production? I think people should first look to themselves when they are going to get that consideration. Have we it within our power to increase our production to an extent to close up that thirty per cent difference between the purchasing power of our product at the present time and the purchasing power of our products previous to the war? I think we can do something but I do not think we can do it all. I think we can do something. Here is something that indicates to me that agriculturalists can do something; in the province of Saskatchewan we have been largely a grain growing province and as the figures I produced last year, and as the figures I will produce again this year will indicate, that on the basis of growing grain, it is an expensive way of farming, if you take it alone. According to the 1916 census, in the three prairie provinces there were 51,523 farms that had no cows.

By the Chairman:

Q. Out of a total of what?—A. This is in the three prairie provinces.

By Mr. Munro:

Q. Do you mean milk cows or stock cows?—A. No cows, I judge.

By the Chairman:

Q. People who have to buy condensed milk?—A. Yes.

By Mr. Caldwell:

Q. They did not even have cows for their own use?—A. I am trying to make an argument as to how we can do something to close up this thirty per cent. When I tackle a problem I try to see what I can do towards helping it, and as farmers, I think we are entitled to look at it and see what we can do.

By Mr. Sales:

Q. Would you say that all the farmers of Saskatchewan should have a cow?—A. I do not say that at all. I can imagine there are some men on homesteads, bachelors, who probably could not very well keep a cow.

Mr. ELLIOTT: They should have a wife.

By Mr. Sales:

Q. What about the land around Regina and Moose Jaw, and down in the Soo district, where they cannot find water? I say that man is a wise man who does not keep a cow under those circumstances.—A. I live on the open prairie, on the Soo Line. We get our water from a dug-out and I do not think that it is a good system, speaking for farmers in my district, which is representative of a large area of the open prairie, to buy their butter and buy their beef. I do not think it is good economy to do so, and the farmers are recognizing that to-day.

Q. You cannot get water from a dug-out in winter?—A. Yes, I can get it the year round. I have a cistern under my barn that holds about 300 barrels of water, and I never drew a tank of water last year for my horses.

Q. It is impossible for a homesteader to equip himself in that line?—A. That section of the province is not in the homestead stage. The people must develop their system of agriculture with the age in which they are living and with the development of the country.

By Mr. Caldwell:

Q. In your evidence last year you speak of the average farm in Saskatchewan, paying a mortgage on the avergae, of $5,000. Would it be cheaper to build a cistern under their barn?—A. I think that is the only legitimate purpose for which mortgage money can be borrowed, to use it for something that is productive. If you do not use it for that purpose I do not know how you would expect to pay the interest on it and pay the money back.

The CHAIRMAN: Let us allow Mr. Hamilton to continue.

The WITNESS: There were 86,242 farms which had no swine; 266,815 had no sheep, right on the open prairie, on the Soo Line in the Regina plains, where they could be kept to very good advantage. There were 9,057 farms that had no poultry. Agriculture in the province of Saskatchewan has been built up largely on the basis of grain growing, wheat in particular, and we have made a good deal of progress in that direction and we have made a good deal of success. Thousands of people have made homes for themselves and a good many people have become rich on that basis, but I am of the opinion that in order to meet

the conditions of the present time, in 1923, we must in some measure, at least to some degree, modify our system of farming; and the modification which I would recommend and which I have been recommanding to the people of Saskatchewan, to the farmers of Saskatchewan for the last three years, is a system of farming upon which the keeping of some good live stock on each farm will form part of their farming operations.

Q. How many farmers, do you say?—A. I have not that here. I was quoting live stock, the farms that did not have any live stock.

By Mr. Sales:

Q. Why do you not give the Saskatchewan figures?—A. Those figures I have from the report.

Q. You have your own report?—A. I probably could have got them, but these are the figures that were secured.

Q. You are including the dry belt of southern Alberta.—Partly. I think Saskatchewan would be a fair average of the three provinces. The farms must be more self contained. I think we can reduce our cost of living, that we can tend to bring our budget together, our living and our expenditure by producing on our farms more of the things we require and that the keeping of more live stock will assist in that direction.

By Mr. Milne:

Q. That is the conclusion Professor Leitch came to, after making a survey. —A. Who is Professor Leitch?

The CHAIRMAN: Professor Leitch is one of the professors at Guelph College.

The WITNESS: In our province we have had an agricultural policy. We had a definite policy. It was established in the early days of 1886, by the experimental farm at Indian Head and Angus McKay was the superintendent of that farm. It was tried out by the people and by the farmer, in the early settlement in the province of Saskatchewan and the system that was considered best adapted to meet the conditions was the fallow conditions in which one-third of the land was summer fallowed each year, and upon that system, the figures I have quoted were both with regard to extension and the production of agriculture, and that is the system which has been developed. In fact, the man that did not summer fallow one-third of his land in the province of Saskatchewan in the last thirty years was not considered a very desirable citizen. He was not considered by his fellow farmers as being up to the standard they ought to look up to in the province of Saskatchewan, but with the additional expenditures, when our connections had been somewhat enlarged—and we are spending more money on pleasures and luxuries, and in our endeavour to balance our budget, our income and expenditure, then I think, we may look to ourselves to do something to increase our revenue and I think that can be done by keeeping more live stock. I should say the slogan should be "mixed farming with a specialty"; that we should have a diversified source of income, but on every farm a man should give his special attention to something. I think for many years to come the specialty for the majority of people will be grain growing. I think for many years wheat will continue to be our cash crop. Some persons may particularize in growing oats, or the coarser grains, where the soil is suitable for that purpose and where the rainfall is a problem, it might be that dairying might become a particular specialty; it may be it would be some other line, but on every farm that a man would have a specialty to which he would devote his time. In addition to that he should keep the various activities going. In this connection I would like to point out that Saskatchewan is a large province, with a great variety of soil and climatic conditions. That system of agriculture which was established at Indian Head in the boom days, about 1910, 1911, 1912 and 1913,

was carried to every section of the province of Saskatchewan, and it did not fit into the conditions as well in every section as it did in the older settled sections, and the result has been the disastrous conditions which have been referred to in this Committee and elsewhere during recent years. The crops did not grow under those conditions. That system was not suitable to the whole of the province. My contention is we have more need for experimental work. As I go about the province, men say to me, "What system of cultivation would you recommend to me to follow?" and I am compelled to say to them, "I do not know", because I have not the information upon which to base an exact statement. I can tell him what has been practiced at Indian Head, at Saskatoon, at Rosthern or at Scott, that have brought the best results, but I cannot tell them the best system to practice in a particular locality, and what the results have been, so I claim we have need for more experrimental work in the province of Saskatchewan, in order that we may have definite information to give to the people, so that when a man asks me what will be the results if I follow a certain system of farming, or what is the best system to follow, I can say, "this thing has been tried out in your locality over a period of three, five or ten years, as the case may be with favourable results". Information of that kind is not subject to controversy. If I do go to a man and say, "I believe" that only leads to an argument, and these arguments never get any place. If we are going to promote agriculture in our province, then we want definite information to guide us, and my contention is that we need more experimental work in the various departments. That is done under the direction of the Dominion Government to a large extent, and I think in these times when it is a necessity for all Governments as well as individuals to exercise greater energy, that there should be the closest co-operation between the provincial and the federal Governments in this matter of experimental work. We cannot afford to do any over-lapping in connection with it. I am not prepared to recommend at the present time just whether this work can be best done by the Dominion or by the provincial Government, or whether each might take a share of it, but I do think there should be a clear cut policy in which a certain field would be undertaken by each of the various authorities. The Dominion Government have always taken an interest in agriculture. Under our instructions they have the right to legislate with regard to agriculture, and the legislation of the province is only to the extent that it does not interfere with Federal legislation. For that reason I think there is an obligation on the Dominion Government to give whatever assistance the necessity would appear to demand, within their financial ability, to find out the things which are necessary to promote a better and a safer agriculture in the province of Saskatchewan. There is also the question of conveying information to the people after it has been secured at our various experimental stations—the extension work. We, for the past ten years, have been securing a grant from the federal Government to assist us with agricultural education. I think it was termed "The Agricultural Instruction Act of the Federal Government". $10,000,000, I believe, was voted to be expended over a period af ten years. Our share of that—

The CHAIRMAN: Do not go into that, because a representative from Nova Scotia was putting up a claim, and a point of order was called as to whether that was in order, because we had the resolution on the table. I ruled it was proper to stop him, making a claim for Nova Scotia, so I hardly want you to make a claim for Saskatchewan, if you are going on along that line.

The WITNESS: My claim would be for the Dominion although I am willing to accept your suggestion.

The CHAIRMAN: If you will address yourself as to the wisdom of promoting agricultural education, continue, but if it is that you should get a certain share of the process, do not continue.

The WITNESS: I might have left that impression by referring to Saskatchewan, but my contention is a plea for the continuation of that work, that it is questionable whether the province would be able to carry on effectively if they are not subsidized to at least some extent by the Federal Government. I will not refer to it any further than that, but I am of the opinion that it is a very necessary work and that we should have the assurance that it will be continued from year to year. No province can set up an organization and spend $80,000, as we are, and probably $200,000, as they are in the province of Ontario, and then not know whether it is going to be continued from year to year, that the vote might be cut off any time, and our organization has been set up at an expense, not knowing whether we can carry it on or not. There is the necessity for the standardization of our products. The value of our agricultural products in Canada are set, to a very large extent, in foreign markets. We do not determine the price of our wheat, or our cattle or our butter; we do not determine the value of our eggs. Those are set in foreign markets, largely in the British Isles; there we come into competition with the producers of other countries. If we are not able to produce an article of good quality to meet the demands of the people and to meet a continuous supply of that, we cannot hope to establish ourselves in the markets of the world. I am of the opinion that standardization is something that should be held up to a high degree, that it is properly a matter of federal jurisdiction in order that we might have uniformity throughout the Dominion, and I am pleased to say the Dominion Government are recognizing that necessity now and proceeding along that line.

One of our big problems in western Canada is transportation. We are situated a long way from our market, the rail haul and the water haul—I have figures to show the proportion of the cost, but I will not go into this, the price that is required to place our commodities on the world market. It is a very high proportion indeed. Last year we rejoiced when the Crow's Nest Pass came into effect and there was general revision of the freight rates in Canada, but when that benefit was taken away from us by the increase in the lake rates, it did not seem it was of much advantage to us.

By Mr. Hammell:

Q. Was there any connection between the two?—A. I do not know, but I think that is a matter somebody should know.

The CHAIRMAN: The Royal Commission is sitting on it now.

The WITNESS: That is only one indication, and I think we should have some organization that is continually on the lookout, on the watch, to protect the interests of our country in this matter of transportation.

Now, with regard to what we have to buy: I have endeavoured just briefly to indicate, but I think we can increase our production, that we can secure more for our products, but the question is a matter of buying. We cannot hope to close up that 70 per cent by increasing our production or producing a better article. Those who are engaged in manufacturing and merchandising must make a contribution to this, because Canada cannot be prosperous if its agricultural productions are not prosperous. The volume of our exports, in relation to the nation, will clearly indicate that condition, and it would appear to me that somewhere in manufacturing or in merchandising, there is either inefficiency or too large a margin of profit is being taken, and something must be done there to increase the price of farm products, or to bring down the price of the production of those things which we are required to buy.

By Mr. Forrester:

Q. The wages paid by the manufacturers?—A. I would say this with regard to agriculture in Saskatchewan, that I have endeavoured to indicate the two

sides of the situation. One is our ability to produce—what we have done, the attitude of our people towards this problem of production, and the other is our ability to buy with what we get from our products. I do not look gloomily upon conditions in Saskatchewan. On the other hand I do not expect to see any boom. I think the boom days are about gone in the province of Saskatchewan or in western Canada. There is no more cheap land, and for that reason those who expect to get rich quick will probably not come there, and if they do they will be disappointed, but I do think there is room for thousands of people who wish to make homes for themselves upon the farms in the province of Saskatchewan.

By Mr. Sales:

Q. I am going to make a suggestion to you, and it lies within your own province to carry it out, as you are the Minister of Agriculture. If you will take in two or three districts in Saskatchewan a year, a good farming year, half a section, and put one of your young men on it who have gone through an agricultural college, and let them demonstrate that they can make farming pay,—and have a balance on the right side at the end of the year; that is the best experiment which you could carry on, because if you can do that you will prove conclusively that the farmer up to date has not known his business.—A. I think it is much more valuable and I think it is a much better indication, instead of taking one man and putting him in a certain district, if we can take, say ten or twenty representative men—if we can pick out in any district in Saskatchewan, pick out ten or twenty men and get a statement of one man's activities, and we can show he has made a profit in ten years, then I think we would be better justified in saying to all the men "there is no reason why you could not do it if you worked in the same way."

Q. Do you know anything about the $100,000,000 said to be owing to the retailers?—A. No.

Q. You know there was a meeting at which these creditors were present, and the question of the moratorium discussed.—A. I was not at the conference and I did not hear the statement made. I was at the funeral of a very good friend of mine.

Q. We have a member of this House who was present at the meeting, and he heard an official of the retailers' association, make that statement, and the only thing I was going to say was, that when such a condition presents itself, there is a serious situation in regard to the farmers of the province of Saskatchewan.

By the Chairman:

Q. I do not think you differ with Mr. Sales on that point, that there is a serious situation.—A. I do not differ, not a particle.

By Mr. Elliott:

Q. You stated in your opinion there was room in Saskatchewan for quite a number of good farmers, immigrants. What in your opinion is the chance of those men making good under existing conditions in your province?—A. I would not hesitate to recommend to any man to buy good land in the province of Saskatchewan if he got it at the right price.

The CHAIRMAN: We are very much obliged to you indeed. We thank you for coming here. I want to let Mr. Gagne go, if he wants to go. We will resume at half past three. Restez ici si vous voulez, mais nous ajournons jusqu'à 3:30.

By Mr. Gardiner:

Q. Can you give the Committee any information with regard to the working of the Debt Adjustment Bureau, for instance, how many debts they deal with, between creditor and debtor, etc.—A. I have two memoranda here with regard to it. This is dated April 1st, 1923. The number of cases handled by the Debt Adjustment Bureau during the winter of 1921 was 3,500, and during the present season, since September, 1921, we have had before us about 5,000 applications. These include cases handled at our outside office, which should not have been submitted to this office until completed. We have a number of men situated at various sections of the province to assist the farmer to adjust his liabilities. In addition to this, several hundred farmers have requested our advice and their difficulties have been adjusted without opening a new file. It is therefore impossible to keep any record of those cases. During January we completed an estimate of the amount of assets and liabilities—

Q. That is what I wanted to know.—A. About 5,000 were handled this year. During January we completed an estimate of the amount of assets and liabilities of 346 farmers, and found that the average assets of these men were $15,440.78, and the average liabilities $6,727.34, making an average net equity of $8,713.44. Our clerk just went through the files and picked out indiscriminately 346 cases.

By the Chairman:

Q. Were those 300 odd the people who had to ask for help from your bureau?—A. Yes.

By Mr. Sales:

Q. In addition to the 5,000?—A. Those are of the 5,000.

By Mr. McKay:

Q. Were those debts manifolding with each farmer. What arrangement did these farmers want in regard to their debts? Did they want to consolidate them?—A. Not by law or by agreement, but they did in practice wish to consolidate their debts with their creditors.

Q. Under what system?—A. There was not any particular system used in connection with it. As I indicated last year, the crop of 1921 probably on the average did not pay expenses. The crop of 1920 was not a very good crop in any section of the province. There had been crop failures in previous years. On this account considerable liabilities had been piled up. In 1922 we had a good crop, and creditors were all anxious to get their money. The proceeds of the 1922 crop were not expected to be enough to meet the accumulated liabilities of previous years, and for that reason the Debt Adjustment Bureau was set up, so that any man who found himself in the position that he could not satisfy all of his creditors, and that they were not willing to accept a proportion of his revenue in payment of his liability, he could come to our Debt Adjustment Bureau and hand over to us the proceeds of his crop, and we would undertake to make distributions of the proceeds among the various creditors. We were negotiators to a degree on the part of the debtor.

By the Chairman:

Q. You did not pass any legislation?—A. Not particularly to deal with this matter. We have coming down, renewed each year since 1914, an Act to confer certain powers on the Lieutenant Governor in Council. The Lieutenant Governor in Council has authority under that Act to declare a moratorium

with regard to the whole of the province or with regard to any portion of the province of Saskatchewan, or with regard to any individual in the province of Saskatchewan.

Q. Have you ever had to act under that?—A. No, we have never had to act under it.

Q. The fact that you had the power made the creditors perhaps a little more reasonable?—A. Yes.

By Mr. McKay:

Q. Are you thoroughly conversant with the working of the rural credit system in your Province?—A. I am not thoroughly conversant with the working of that system. One gentleman yesterday was giving his evidence with regard to rural credits in the United States, the long term credits. I said to a man who sat close to me that it was very much like our Farm Loans Board, except that we deal directly with the individual, the farmer, rather than the local association. There is probably this difference in the operation in Saskatchewan as compared with the United States, that we have not so many people in our Province who are able to purchase the debentures of the Farm Loans Board.

By Mr. Sales:

Q. You consider those 346 men, with an average liability of $7,000 or $8,000 at 8 per cent interest would be in an almost hopeless position?—A. Well, evidently our Debt Adjustment Bureau do not consider it as such, because I know in some cases people come to us, and we see after looking over the whole of the assets and liabilities what they have been able to do in the period of years they have been on the farms, and sometimes we say "You cannot hope to make good, the best thing you can do is to quit."

Q. It is quite a load, $600 a year for interest?—A. Undoubtedly.

By Mr. McKay:

Q. But not so big a load as the soldiers have to face?—A. I think any man in Saskatchewan who was able to pay one-half the value of his land and had his stock and implements clear would have a pretty good chance to make good, and here his liabilities are only one-half of his assets.

By the Chairman:

Q. Of course it depends a great deal upon the person?—A. Yes, and there is a great deal depending upon the season.

By Mr. Gardiner:

Q. These cases are only a few of the debtor cases dealt with in Saskatchewan this year?—A. These 5,000?

Q. Yes; over and above that there has been a lot of writs, seizures and executions in Saskatchewan; can you give us any idea of the number of writs, seizures and executions?—A. No. The work of our Bureau has been widely advertised, and those are the people who have come to us for assistance. I do not know anything about the number of writs, seizures and executions.

Q. You to all intents and purposes admit that the people who have come to this Bureau are only cases where the creditors have allowed adjustments to be made by the Bureau; there is no real power in the Bureau to force them to make settlements?—A. Yes, there is.

Q. In what way?—A. We could pass an Order in Council that would prevent any creditor taking any legal proceedings, if we wished to do so.

Q. Have you ever taken that power upon your shoulders, to pass a moratorium in any individual case?—A. In a few cases, not very many, but in two or three cases we have said to creditor "You must not proceed" and they have not proceeded. We have never passed an Order in Council, but we have said in a few cases that they must not proceed, and they have not proceeded.

By Mr. McKay:

Q. A warning was sufficient?—A. A warning was sufficient.

By Mr. Gardiner:

Q. You were absent from that meeting of debtors and creditors in Regina? —A. Yes.

Q. Your Government had considered a moratorium before that time?—A. We had.

Q. Do you know anything about the proceedings at that meeting of creditors and debtors?—A. I saw a report in the Press, and heard it discussed.

Q. But inside information?—A. I am not at liberty to divulge anything that takes place there.

By the Chairman:

Q. You are not at liberty to tell anything that happens in Council?—A. No.

Q. You can tell what you were told by your friends?—A. Yes.

By Mr. Gardiner:

Q. At that meeting of debtor and creditor, where the debtors and creditors met with a Minister of the Crown of the Province of Saskatchewan—the point I want to get at is this—I believe the Premier of Saskatchewan had made certain threats to the creditors of the farmers of Saskatchewan that if they pushed them too hard it might be necessary to declare that moratorium; I think the Premier made that intimation to all intents and purposes?—A. I would not say that he made any threats.

Q. But that was the position of the Government; did you ever hear about any information coming from that particular meeting of the creditors with Mr. Dunning, the Premier of Saskatchewan, when the question of the moratorium came up, that he was only bluffing and that he would never dare to put it into effect?—A. I do not think anybody would dare say that.

Mr. McKay: That is hearsay evidence.

Witness: What is your source of information?

By Mr. Gardiner:

Q. I got that information privately, and I thought you might tell us whether it is correct or not. The Government has no intention, and to all intents and purposes the creditors were not at all afraid of the Government of Saskatchewan putting the moratorium into effect?—A. I cannot tell you what the creditors' private opinions might be, but I can say that they have never proceeded against the will of the Government against any debtor.

Q. How then does it come about, Mr. Hamilton, that from information we received from various districts in Saskatchewan there is a tremendous amount of seizures, executions and so forth?—A. There has been a considerable amount, no doubt.

Q. What would you call a considerable amount?—A. I don't know; I have no figure on it.

Q. Would you say sixty thousand?—A. I have no idea.

Q. Another point I would like to get at is this; you have in years past through your Department been advancing money to the farmers of Saskatchewan to buy stock with, that is, to buy cattle and so forth; can you give the Committee any information as to how the payments have been made on those advances?—A. I have no information here upon that point.

Q. Can you tell the Committee whether or not the Department which was responsible for allowing that money out have this last year seized the stock which had been bought by that money and sold them?—A. Has the Department of Agriculture seized any stock which was sold by the Department to the farmers?

Q. I do not know whether the Department of Agriculture is responsible for allowing that money out, but haven't they seized some stock?—A. We seized some stock.

Q. And sold it?—A. And sold it.

Q. Can you give us any information in regard to the necessity of those seizures?—A. I have learned that it is not wise to express an opinion in regard to these cases unless you know the whole of the details, but I can assure you that we did not take that stock until we had exhausted every means to get payment. In one case a man sold the stock and endeavoured to get out of the country; we took action against him, and were successful in collecting the amount of money he owed us.

Q. I notice various reports in the Press where seizures have been made for small debts, and where the costs of seizing the stuff, for instance for a debt of $40 or $50, the costs of seizure and sale were much higher than the actual debt itself; has your Government taken any cognizance of that matter, if it is so, the tremendous expense placed upon the shoulders of the farmers in small debts of that character?—A. We brought down some legislation at the last Session for the purpose of endeavouring to cheapen the cost of litigation.

The CHAIRMAN: It is just one o'clock, gentlemen; shall we ask Mr. Hamilton to come back for a short time this afternoon to tell us about rural credits?

WITNESS: Really, Mr. Chairman, I do not know much about that subject, but I am prepared to answer any questions you may ask me, if I can. I probably can give you some indication of how the scheme works.

The CHAIRMAN: What you might do, if you do not mind, is to return here at half past three o'clock. We are going to have Professor Gagne here, and he is going to tell us what he thinks about the system in vogue in Quebec. You can listen to him, and you can then tell us how your system in Saskatchewan works out.

WITNESS: All right, sir.

The CHAIRMAN: The Committee will adjourn until half past three o'clock. In the meantime the sub-Committee will meet after luncheon.

The Committee adjourned until 3.30 p.m.

APPENDIX No. 3

Afternoon Session

3.30 p.m.

The Special Committee appointed to enquire into Agricultural conditions throughout Canada resumed at 3.30 p.m., Mr. McMaster, the Chairman, presiding.

The CHAIRMAN: We will go on with Mr. Gagne.

CHARLES GAGNE called and sworn.

By the Chairman:

Q. What is your profession?—A. Professor of Agriculture and Economics.

Q. Do you wish to give your evidence in English?—A. I will insist in answering the first question in French, and then I will go on in English.

Q. What I propose is this: Make your address in English, and then when we question you, we will question you in French, and you will reply in French, and I will translate your answers.—A. I insist on answering the first question in French because—.

By the Chairman:

Q. I understand. You are Professor of what?—A. (in French, and translated by the Chairman.) Agriculture and Economics.

Q. At what place?—A. A College of Agriculture at Ste. Anne de la Pocatière.

Q. We will proceed in English now. Professor, you have a statement to make to us, and I will ask you to proceed as we generally do, make your statement, and we will question you as you go along, and then if we have not got all the information we want, we will ask you further questions.—A. My evidence is on two points. The first is an general agricultural conditions. If you are in a hurry, I could take up the second part, which deals mostly with rural credits.

Q. I do not know. I think we had better hear Professor Gagné on all that he has prepared. He is prepared to deal with two main subjects; first of all, the present crisis in rural conditions in Canada; and secondly, rural credits. He very kindly offers to restrict his remarks to rural credits if we wish him to do so, but as we have had very few witnesses from Quebec, I think the Professor had better deal with the whole subject. We will be very glad to hear you, professor. How long have you been a professor?—A. I am a Professor of the College of Agriculture since September, 1920.

Q. And before that?—A. Before that, I first took a degree in Arts and then I took a degree in Agriculture from Laval. Then I went to the United States, and studied graduate work at Cornell University. I spent there eighteen months as a graduate, and then came back to Canada, and taught for a year in agricultural economics. Then I went to Europe, spent five months in France, five months in Germany, and travelled two months in other countries, studying agricultural problems.

Q. How old are you now?—A. I am nearly twenty-nine.

Q. Let me suggest this that the professor translate the headings on the first page of his memorandum.—A. My first statement is that agriculture does not pay very much.

Q. With the professor's permission, I shall translate the notes on the first page. He heads it "Agricultural Crisis—General Conditions—Agriculture does

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not Pay—The Proof—Inquiries, the Rural Exodus." Then, "Causes of the evil, old causes—(1) Our costs of Production are too high. (2) Carelessness of Government and people. (3) More recent causes—our markets are defective. (4) Our transportation is too expensive. (5) Remedies—I will not trouble about that; He will take that up himself. Now will you proceed, professor?—A. The first topic is the cost of production, and the costs of production to farmers are too high. I mean by this that our farmers in Quebec should be able to improve their methods of production in order to decrease their cost of production, and I think one of the main things to do by our farmers—the farmers of Quebec, because I know them better than those of the other provinces—the farmers should be able to take a better control of their dairy cows. I mean they should improve their methods of testing their cows in order to choose the good cows, not those cows which are called boarders (Pensionnaires).

Q. You use it in Quebec the term pensionnaires?—A. If they used the better cows, they would be able to get larger profits from their dairy industry, and they would be able to withstand the crisis better. And this is one of the main improvements that I would suggest for the purpose of improving the methods of dairying. I would suggest an organization of co-operative cow testing associations, as they have in Denmark, and as they have in the United States now, and these cow testing associations have done a good deal towards the improvement of the farmers' conditions in Denmark and in the United States, and I think that is the only possible means of popularizing the method of cow testing.

By Mr. Caldwell:

Q. You test for the per cent of butter fat?—A. Yes.

Q. Would you test for tuberculosis too?—A. Yes, that should be done too.

Q. Both?—A. Yes, the second cause of the crisis is the improvidence of governing bodies in the province of Quebec. Many regions have been settled, which should never have been settled, because the soil is not fit for agriculture, and the farmers who have settled on those lands are now obliged either to leave the farm or to work a certain time in the city in order to earn their living.

By the Chairman:

Q. Land which should have been left really forest reserve?—A. Yes. I think there are many regions in Quebec which should never have been settled upon. In the same way other regions have never been settled upon which should have been settled upon. Last fall I was called into the county of Portneuf, at St. Raymond, and I was asked to enquire into the cost of production, of a certain operation, which the farmers of this parish are doing now, in order to improve their conditions. They are putting on a sandy soil a layer of clay, in order to get a better soil. This is a good way of improving the soil, but it is very expensive, so this is a proof of the improvidence of those who, I believe were the first settlers, and those who should have advised the first settlers to go elsewhere.

Q. Did they get the clay close by?—A. Yes. In this parish this means is practicable, because they have the clay in their own farm generally, and even then, if you take the farmer who is obliged to pay for carrying the clay to his soil, that may cost $40 an acre for the clay, because we have an arpent.

By Mr. Caldwell:

Q. If he takes that top soil of that character and puts it on this one—

The CHAIRMAN: They were not taking the top soil. They were taking what you call bank?

The WITNESS: Yes, near the river.

The CHAIRMAN: They possessed lots of courage, and they were not afraid of hard work.

The WITNESS: Yes, I think many of them would not undertake such hard work unless they were so strongly attached to their homes, to their parish.

By the Chairman:

Q. So strongly attached to the soil?—A. Yes, and to their community.

The CHAIRMAN: C'est une bonne example pour les autres.

The WITNESS: During the war many people spent a great deal of money and they were not advised to save, and now they are not prepared to withstand the difficulties they are facing. These are general causes. If we consider the conditions of the market, one thing which is evident is that the purchasing power of Europe has decreased. They can buy less now than they could at other times, so that makes our marketing very difficult, and that is a condition which applies to all of Canada.

By Mr. Sales:

Q. Do you mean that they are getting too small a price for what they sell? —A. What I mean is this: the consumers and everybody else know that Canada is obliged to export a good deal of agricultural produce. Now on account of the exchange depreciation in Europe, the consumer of Europe cannot buy as much from our country, and that means a glut on the world market. The prices now of wheat and butter in the Old Country are very much higher than they were before the war. We are getting a dollar a bushel, practically, for wheat to-day and that is a good price. We cannot expect this to go up now in a year. I do not think it is the question of price that is causing their trouble, I think it is rather the reverse, the question of what we have to pay for what we purchase. That is where it must come down, is it not?

Q. You mean that the main cause is the high cost of production, the high cost what we buy, not what we sell?—A. Yes.

The CHAIRMAN: Il pretend que dans l'angleterre le prix que nous recevont pour nos produits est a peu pres le même qu'on recoivent pendant dix ans. Et que le fermier est obliger de payer plus qu'il devrait payer pour ses commodités.

The WITNESS: I agree with you in saying that the cost of living for the farmer has not decreased in accordance with prices.

By the Chairman:

Q. With the cost of what the farmer has to buy, as to the increase in proportion to the decrease with what he has had to sell?—A. Yes. Another thing in connection with the cost of living for the farmer, it refers to the cost of production indirectly in Canada after the war, the country is much greater in debt than before the war, and everybody knows that, and on account of this the Government is obliged to levy taxes, so these taxes, I think, in the ultimate result, fall on the farmer, to a great extent. I cannot give any exact figures, because it is too difficult to ascertain that.

Q. Mais c'est Baptiste que paye?—A. Just to go further.

Q. Just develop that. Just go ahead.—A. Our transportation costs are too high for the farmers. I mean generally. I will give you just a small example of that. You have probably heard many of them during your investigation

work. I have here a letter which was addressed to Mr. Boie, who is a professor of economy in the college of agriculture. He had written to the Dominion Lime Company of Sherbrooke to ask them about the price of their lime stone, and they answered him on October 26th, 1922: The price of our finely ground lime stone is now $3 per net ton in bulk and $4.50 per net ton in paper sacks, minimum carload lots, 25 tons. The rate from our works to Ste. Anne on the Canadian National Railway is 16½ cents per hundred pounds, making the net price of lime stone in paper bags, $7.75 F.O.B. Ste. Anne, so a ton of lime stone at the plant of this Dominion Lime Company costs $3, and for transportation you would have to pay $3.30. The transportation is higher than the cost of the limestone itself.

Q. Was that $3 a ton?—A. $3 a ton, in carload lots of 25 tons, and incidentally the cause for last year was the bad crops, in 1922, that made the conditions of our agriculture worse. I think it was about the same in all the provinces of Canada.

By Mr. Caldwell:

Q. When you speak of poor crops, what crops are you referring to?—A. Grain. I mean for lower Quebec. That is a mixed farming region.

Q. Hay, oats and barley?—A. A little barley, but dairy companies, butter factories and in some cases cheese factories.

Q. Do you grow corn for fodder?—A. No, not very much.

Q. Beets, turnips, mangels?—A. A little, but these turnips and beets are not cultivated to any extent. I should think they should be cultivated to a larger extent than they are now.

Q. Were all these crops poor last year?—A. Yes, in general they were, on account of drought.

Q. You had a dry summer on the lower St. Lawrence last year?—Yes. I will say that the agriculture crisis is not peculiar to Canada. It is peculiar to the world over, and I saw similar conditions in Europe last year. I was in France and they had the farmers going to the cities, and I was in Switzerland and the Swiss people were prisoners of their exchange.

Q. Their exchange was very high in Switzerland?—A. Yes, and they could not export to neighbouring countries on account of the adverse condition of exchange. They were prisoners of their own money.

The CHAIRMAN: That is very well put.

The WITNESS: I was in Belgium and I spoke with agricultural people there and they said the same thing. In that country it was not because the exchange was too high, but they were entirely disorganized, in the same way that we are in Canada, so all these things have convinced me that the crisis exists the world over and is due to a great extent to the destruction caused by war.

Q. Let us come to the remedy.—A. We can suggest many remedies. I do not believe in any special way of curing the whole system. We have to use many methods of improving the conditions of the farmer.

Q. You have no panacea?—A. No, I do not believe in those things. The first thing is to advise the farmers to use improved methods of farming, of cultivation. They have to come into competition with farmers of other countries. They are the people mainly interested to adopt the best methods of competing and to reduce their cost of production and other considerations. For this, the first thing to do is to improve the general education of the people, because it is well established that the farmers who have a well trained mind are much better off, much better able to compete with the others, and this was proved in the United States. My professor at Cornell made an investigation in 1911. This was published in 1911. I suppose the work was done in 1910. He speaks

of the farmers, relating to their education, and he spoke first of the owners, in the United States, because there are many farmers who are owners and others that are tenants. Of the owners, those who went only to district school made an average labour income of $318. The average labour income of the high school man was $622. For those who went further than the high school, it was $847. The differences are emphatic. The labour income of the high school farmers was $304 greater than that of the district school man. The average labour income of the tenants who had only a district school education was $407. The high school tenants made an average labour income of $473.

By Mr. Caldwell:

Q. That labour income is per year?—A. Yes. Forty-three per cent of the high school owners and 64 per cent of the district owners made an income of $400 or less. Only 5 per cent of the district school men made over $1,000, but 20 per cent of the high school men made this much. Apparently the possibilities of successful farming increases with the extent of education, which is the same as in any other profession.

By the Chairman:

Q. It is brains that count, not brawn, and it is the same thing in anything else.

Mr. CALDWELL: Brains and brawn.

The CHAIRMAN: Yes, but the brain is a good deal more important than the brawn.

WITNESS: The second way of improving the farming conditions is to develop our system of higher scientific study.

By the Chairman:

Q. Higher agricultural instruction?—A. Yes. We must have real technical men in order to carry on experiment, and to do serious research work on our experimental farms. Second, under this topic, is to study the conditions of the farmer in order to allow of his increasing his production, I mean for the most important products, and the causes of the success of our most successful farmers, and for that I would suggest the organization, the development of agricultural, economical work.

Q. Such work as has been carried out by Professor Leitch at Guelph, and Professor Samuel Lee at the Experimental Farm at Ste. Anne de la Pocatière? —A. Yes.

Q. Have you done any of that work yourself?—A. I started that in 1921, but this was not for publication, but just to find out how the farmers would like to answer the questions, and how this could be carried out successfully.

Q. You were investigating to see how this farm survey work could be most successfully carried on in your part of the country?—A. Yes.

Q. You made a private investigation for yourself.—A. Yes, mostly.

By Mr. Caldwell:

Q. To see how the farmers were getting on?—A. Yes.

By the Chairman:

Q. Which is a very wise idea.—A. And second among the remedies I would suggest is the organization of a real serious service of market farming information for the whole of Canada, something like the one in Washington. In Washington they get market reports, and this gives a wonderful amount of information about the market conditions in the United States and the whole world over,

so that the American farmers are able to know the amount of production in the world, and they can manage their things in order to put their produce on the markets at the most convenient time for them.

By Mr. Caldwell:

Q. How is this report issued? Monthly?—A. Weekly. Also we should teach the farmers to co-operate amongst themselves and with the other classes of society, in order to have a good efficient people, efficient productioin. All the producers must co-operate together, and they should organize in order to be able to improve the distributing conditions, and at the same time in order to understand each other. They have no interest in fighting against one another. The organization, the most profitable organization for the producers of the country, is the organization which makes the producers co-operate among themselves always, even although they do not belong to the same class.

By the Chairman:

Q. Well now, Professor Gagne, if you would care to go over to agricultural credits, we would be glad to hear you on that.

By Mr. Sales:

Q. There is one point that has not been cleared up here. I have heard and read so much about the comfortable position of the Quebec farmer, and his happy and prosperous life in years gone by. I want to know when this loss began, and what caused it. It has not been explained yet.

By the Chairman:

Q. Professor Gagne, Mr. Sales says that in days gone by he has heard many stories of the happy conditions of Quebec rural life, and he has heard before this Committee that now in Quebec farmers are suffering just the same as the farmers are suffering in all parts of the country, and he would like to know when the farmers in Quebec began to suffer.—A. First, I cannot give a scientific comparison, I might say, because I never visited in the other provinces. I do not know exactly how the conditions are working in the other provinces, but as far as I understand the conditions in Quebec, I think the farmers have always suffered more or less with economic difficulties. I am inclined to believe that our social organization, our rural community life, is perhaps better than it may be in other regions of Canada, but I would not like to state anything positively. I never lived in the other provinces.

Q. What I understand you to say, Professor, is that the farmers in Quebec have for many years suffered from economic conditions in the same way as farmers in other parts of Canada have suffered also.—A. Yes, more or less. For instance, you have just to look across the border into the United States, and you will find there perhaps nearly two million Canadians, men who came from Quebec, and they were born on the farms, and they have left Quebec for the United States. I do not believe that they felt well in Quebec.

By Mr. Sales:

Q. Of course, all this yarning—because that is the only word we can give it—about the prosperous conditions of the Quebec farmer is not true.—A. I am of the opinion that although Quebec might have been happier because it had a better social organization, still the farmers of Quebec suffered along with the rest of the farmers of Canada from untoward economic conditions.

By the Chairman:

Q. Just explain in what regard, in what way, our social organization in Quebec help to make perhaps a happier community life in rural Quebec than

in certain other parts of Canada.—A. Well, that social organization, I think, is mostly due to the religious conditions. The people have the same religion, and they go to the same church, and they meet together on Sunday. You go into a parish in Quebec and one farmer knows every other farmer in the parish very well, and they meet at the same church every Sunday, and all that. That tends to make them more intimately related.

By Mr. Caldwell:

Q. Would there not be another condition? Is it not a fact that the people are more thickly settled in the agricultural districts than they are in all the other provinces of Canada?—A. I have not visited the other provinces.

Q. They have large families in Quebec?—A. Yes.

Q. There are plenty of young people in a community to get together and have a good time?—A. Yes, I think so.

Q. I think that is true.—A. Now, I just said that we should teach the farmers to co-operate, and I think a very important point is to teach the farmers to co-operate among themselves, covering the same field, and also become more interested themselves in other organizations. I would suggest the training of good experts in co-operation, but these experts should play the role of advisers just as they are doing in the United States at Washington. They have a good staff of specialists on co-operative organization, and those men are working for the farmers, but as far as I know, they never take direct responsibility in the management of its organization. I think, in order to make co-operation successful, you must make it a thing of the people, and have it recognized by the people. The Government must teach the farmers what to do, but the farmers must take control of their own organization, and they must feel that it is their own.

By Hon. Mr. Motherwell:

Q. Do you know the experimental farm that Ste. Marie has charge of down there?—A. Yes.

Q. Can you make any suggestion as to how that could be made more useful to the farmers around there? Has it a silo there? Does it grow silage?—A. Yes.

Q. Do the farmers as a rule have silage?—A. No.

Q. Have you any suggestion as to how you could make the farm more useful?—A. My idea about experimental work is that the experimental farms must be carried on by real, good, scientifically trained men, who can do experiments, not only from the scientific point of view, but they must also consider the economic conditions of the farmers, in order to suggest things which are not only scientific but also practical.

By Mr. Caldwell:

Q. Practical for the particular locality?—A. Yes.

Q. For instance, can you grow corn for silage on the Lower St. Lawrence?—A. Not yet. The season is too short. It is too early and too late.

By Mr. Sales:

Q. Is not the main object to show them that they can make some money?—A. Yes. When you have to suggest an improvement, or what you would call an improvement to a farmer, he will always ask you: "Will it pay me?" and two years ago I had a discusion with a group of farmers in one of our parishes, and I tried to prove to them that it would be more advantageous to keep just good cows, better cows, and in order to do that, to have the cows tested, so they always said, "It would not pay us to take the time of doing that testing." But

I referred them to the example of a man from Ontario—you probably heard of him—Mr. Barron. In 1920, I think it was, he won the championship for the best producing cow, the cow that produced the greatest amount of butter, and he did that by just test work, and I showed them that, and they were satisfied with it.

By Mr. Caldwell:

Q. It is a matter of education?—A. Yes, and they understand your views only when you come and give them figures, a practical example which proves that the work is good, and that it can be carried on by them, and I think the experimental work should be done along scientific lines, and then try the economical lines, in order to go to the farmers and prove to them that this is a good thing to do.

By the Chairman:

Q. From a business standpoint?—A. Yes. Another remedy for the agricultural crisis is the organization of rural credits. You know probably about long term credit, and short term credit, and you do not need any more information about what we call long term credit and short term credit.

By the Chairman:

Q. We have specially asked you to come here and talk to us on rural credit, so don't be too modest. Take all the time you want to thoroughly develop your views on rural credit; that is what you are here for. Now, give us your knowledge and experience of rural credit.—A. When you speak of short term credit, that it a credit which runs for a year, and when you speak of long term credit you speak of a credit which may run from one to perhaps twenty years. That is the main difference between long and short term credit. I think in Canada the farmer needs more credit facilities, and the thing to do is to organize. On another question of the present facilities, I have taken an extract from a report from Ontario of 1920. If you like, I can leave it here.

(Report filed and printed as an appendix.)

By the Chairman:

Q. That is an extract from the Ontario Department of Agriculture?—A. Yes.

Q. You agree to the contents of that?—A. Yes.

By Hon. Mr. Motherwell:

Q. What do you mean by rural credit? You can borrow on mortgage credit on your farm?—A. In Quebec?

Q. Yes, at Ste. Anne?—A. Not very much, but sometimes I think a farmer gets more advantages if he takes a long term.

By the Chairman:

Q. If he could borrow money on longer terms?—A. Yes, in order to have more capital for his running expenses.

By Mr. Caldwell:

Q. That is, more capital at a cheap rate of interest?—A. Yes, but then I think a cheap rate of interest is not always an advantage for the farmer. It may be, but you must not give money out at too low a rate of interest, because in my opinion the farmer will not appreciate it so well, a low rate of credit. I do not mean too high a rate, but not too low.

Q. What would you call too high, and what would you call too low?—A. I have heard somebody say that a farmer should have money at 2 per cent. That is what I mean by too low. I do not believe there is any such low rate of interest.

By the Chairman:

Q. The agriculturists of Germany, before the war, used to be able to get money for about 3 per cent.—A. I think so. I have not the figures here.

Q. I do not want to take you out of your course. Just go ahead.—A. About the credit conditions of Germany, I have another extract from the Report of Ontario. It deals first with long term credit, and second with short term credit, and that is a very good expose of the conditions.

Q. These reports are available to us, but we want to get your general idea as to how rural credit is working in Quebec.—A. In France, they have what they call the Credit Foncier, which is land credit. I will refer to the report which was published last week by the Quebec Department of Agriculture. I can leave that with you.

Q. 1921-22?—A. No, this is a special report from the Committee of Agriculture on the principle of organizing a rural credit system. You have just to refer to page 38 of this report. Now, about the co-operative credit, as they have it in France, I have taken no extract of the conditions which will help you.

(Extract from Quebec report printed as appendix.)

WITNESS: Now, before coming to the conditions of credit in Canada and the general organization, a very good description of our different credit systems was made by Professor Jackman in the bulletin of economic and social intelligence of August, 1921. Now, let us take the conditions in Quebec. I think that Quebec is the one province which has tried the co-operative credit system to a certain extent. You cannot say that the experiment is finished, but we have done something which is worth attention. This is the work done by Mr. Desjardins, and he has studied the conditions in Europe,—Germany, France and Italy, about the co-operative credit, and he has introduced the system in our country. He started his work in his native town, in 1900, and his first credit union as we call this association, is still working successfully, and it was very advantageous for the people of Levis, and for the farmers,—these credit unions, and I intend to quote to you what the successful credit unions in Quebec have been doing. I will give you at first the progressive movement of those credit unions in Quebec from 1915 to 1921. In 1921 we had 108 credit unions. The number of members in 1921 was 33,166. The depositors were 30,570, and the borrowers were 2,919. We have granted 14,983 loans, and the amount of the loans granted was $4,248,725. That will give you an idea of the importance of these Credit Unions in Quebec.

Q. Will you explain to us how these Credit Unions operate, Mr. Gagné? —A. Well, these Credit Unions or Co-operative Credit Societies work in a parish among people who know each other; they know the conditions in Quebec, and I would say that the success of these Credit Unions is due mainly to the knowledge the people have of one another in their social life in that Province. The administration is composed of three Boards; there is a Board of Administration consisting of nine members, a Credit Committee consisting of three members, and a Board of Supervision. The Manager is the only paid officer; he is chosen by the Board of Administration, so that when anybody asks for a loan from the Credit Union he has to go to the Manager, state the reason for his borrowing, and the Manager even then cannot grant the loan without having the decision of the Credit Committee, the money comes from the deposits of the people, and those deposits are mostly the result of the thrift of the people.

Q. It is the people's own money?—A. Yes.

Q. Deposited by small depositors as a rule?—A. Yes.

Q. Which is let out to others who wish to borrow?—A. Yes.

Q. At what per cent as a rule?—A. To borrow?

Q. Yes.—A. I have here the operations of the Credit Union of Ste-Germaine de Dorchester. I will tell you first what this parish is; it is a rural community, the area of the municipality represents 40,045 acres, with a population of 2,628 souls. The number of persons who have to pay taxes is 477, the area of taxable properties is 41,900 acres, and the estimated value of the taxable property is $689,840. The improved land at present consists of 5,890 acres, and unimproved land represents 12,142 acres; the wood land represents 22,863 acres.

Q. The question I asked you was, what rate of interest do the people have to pay who borrow from those societies?—A Well, the Credit Unions in general ask 8 per cent from their borrowers, for short term loans; they have never asked more than that, but they ask that. Any borrower can give his money back at his convenience, and when he chooses to do so he is allowed a reduction of interest, so that if you take the average interest it does not come to more than from 5 to 6 per cent. The Credit Union for Ste-Germaine de Dorchester in 1913, which was the first year of its operations, loaned $30,262.15; in 1921 it loaned $177,077.80, so that was out of the deposits of the people of that parish. The borrowers were of various occupations; there were 236 farmers.

Q. Out of a total of how many?—A. I have not the total. Farmers 236, day labourers 43, blacksmiths 5, traders 7, notaries 1, co-operative 1, agricultural clerk 1, hotel 2, syndicates of cheese factories 2, merchants 2. They have invested $10,000 in debentures of Quebec City.

Q. That would be a sort of an investment by the Society?—A. Yes.

Q. Are these societies incorporated?—A. They are regulated by the law of the Quebec Syndicates from 1905.

Q. I think they are incorporated under a Special General Act of the Legislature of Quebec; is that right?—A. Yes. They pay on deposits 3 per cent, 3½ per cent, and up to 4 per cent, according to the conditions of the community. If you are interested in this, I will be glad to give you the amount of loans.

Q. I do not think you need give us the loans, because it will take some time. These popular thrift societies, lending societies, have been a real success in our Province; that is so, is it not?—A. Yes. They have been a success in so far as they have worked, in each individual parish, but what they need now and what they are looking after is Provincial Unions. There should be a confederation into a Provincial Union, to have a central administration; for instance, we have old parishes which have a surplus of deposits to dispose of, and if they had a central Board which would take care of those surplusses they could go, at the disposition of the agents, to the newly settled portions of the Province.

Q. Where the demand for loans would be greater?—A. Yes, sir.

Q. That is what is lacking in the system?—A. Yes.

Q. A system which would take in money from the older settled parishes, where people are able to save money, and lend it to the newer parishes, where the people wish to borrow money?—A. Yes, and they should have the control of inspection, which could give the local managers directions in order to dispose of the money which they have in their hands. When these Credit Unions are faithful to their by-laws, there is no danger of them going out of their field, but when they forfeit their by-laws—

Q. You mean when they neglect to follow their by-laws?—A. Yes.

Q. Then trouble is likely to happen?—A. Yes. Out of those 110 I think which were established in the Province, I have heard of about five or six which have failed because the managers had too much freedom; they did not take the adive of the Credit Committee, and loaned to people who would not work.

Q. Who were not worthy of having credit advanced to them?—A. Yes.

Q. I suppose that applies to others as well as to the managers?—A. Yes, I think so. I have here also another resume of the operations of the Caisse populaire for St. Prosper-de-Dorchester, if you would like to have it.

Q. Are you in favour of a system of agricultural credits; do you think there is a real necessity for them, in the Province of Quebec?—A. I will ask what you mean by agricultural credit.

Q. Take long term credits?—A. I think they would be a good thing to organize, but according to this principle they should be organized by the people and for the people. I do not believe in any State organization, that is, the State giving money to any special organization or bank, or whatever you may call it, which would then loan to the farmers. I do not believe very much in that kind of organization.

Q. You believe the farmer should help himself?—A. We should try to make him help himself as much as possible. That applies more to this class of credit than in any other field. I think if we could get these People's Credit Unions federated, they would establish a system of land credits through their central banks or central agencies, and for this I have studied the organization of the Belgium Union or Boerenbund.

Q. Is that a Flemish term which means a union of persons?—A. Yes. They have organized in this Union a double credit on these lines; first they have a local organization very much like our people's banks in Quebec in our parishes, and those are federated into a central body and that central body has a system of land credits which disposes of the surplus of loans which are not employed in short loans. In order to get at that, they have established a special system of deposits; for instance, people are allowed to deposit in these central sections for five years; they cannot withdraw their deposits before five years; they are allowed to deposit in that way, so that that makes a certain amount available for land credit and long term credit. I think if we could get the people's banks organized and federated into a strong central body, we would be able to organize a land credit section very much like what they have in Belgium. I will give you a few figures showing the operations of the Belgium organization.

Q. As far as you know, that organization has been successful in Belgium? —A. Yes.

Q. It is really a modification of the Belgium system that you would like to see tried in our Province?—A. Yes.

Q. You would like to see people's banks (caisse populaire) organized into a federation, and attached to that federation a sort of land bank, which would lend money out first on long terms from the money which would be collected through these different people's banks?—A. Yes.

Q. That is your idea?—A. Yes .

Q. Your idea is, to base our system of local credits, not on money supplied by the Government, but on the collected savings of the people themselves?— A. Yes.

Q. That is your idea?—A. Yes.

By Mr. Caldwell:

Q. Would they be allowed to accept money on deposit?—A. Yes.

The CHAIRMAN: That is what he is telling us about.

Mr. CALDWELL: Would they be allowed to issue currency?

By the Chairman:

Q. Those banks do not issue any currency?—A. No, sir.

Mr. McKAY: Are all the banking laws controlled by the Federal Government?

The CHAIRMAN: Yes. We call these people's banks. They are hardly banks in one sense; they do not issue money, they do not issue currency, they are more in the nature of savings institutions.

Mr. McKAY: Not like a trust company?

The CHAIRMAN: No. As the Professor has been explaining to us, it was started by Mr. Desjardins; we will not go into the details, but that is the case.

By the Chairman:

Q. Is there anything else you wish to tell us?—A. Well, I have given the substance of what I have to say. If you have any questions, or if I have not made all my statements quite clear, if you care to ask me anything I will try to answer you.

The CHAIRMAN: I do not believe we have any questions to ask. We are very much obliged to you for coming here; we realize the difficulties you are labouring under, speaking a language that is not your own, but we congratulate you on being able to explain these things so easily and so well in a tongue other than your mother tongue.

C. M. HAMILTON, recalled and examined:

By the Chairman:

Q. Mr. Hamilton, the Committee would like to hear from you as to the operation of rural credits in your Province. Will you please proceed and tell the Committee in your own way what you know about this question?—A. I do not pretend to be any authority with regard to credits, Mr. Chairman. If there are any questions any members of the Committee wish to ask me with regard to the operations of the Farm Loans Board in Saskatchewan, I will endeavour to answer them, if it is within my power to do so. I have a statement here giving just a little information on the operations of the Farm Loans Board. Upon looking for it, Mr. Chairman, I do not appear to have it.

Q. You must have a general notion of it, Mr. Hamilton; we do not want the details.—A The system of operating rural credits in the Province of Saskatchewan is under what we term the Farm Loans Board. The Provincial Government sells farm loan debentures bearing 5 per cent. That money is loaned to the Board at cost, and is loaned by the Board to individual farmers at 6½ per cent.

Q. What is the Government able to get the money at?—A. Five per cent. They are five per cent bonds.

Q. Are you able to sell them at five?—A. Yes. We have issued something over $8,000,000,000; somewhere between $8,000,000 and $9,000,000 have been loaned to farmers at 6½ per cent, under the operations of the Farm Loans Board.

Q. It costs the Government only five?—A. It costs the Government five per cent. We get money cheaper than the Canadian Government.

Q. Where are you able to sell them?—A. They have been sold at least to a very considerable extent within the Province.

Q. What is that?—A. They have been sold to a very considerable extent within the Province. There was a statement made this morning; I am not sure of the date, but within recent months some $700,000 worth was sold for

this purpose. As I stated, the Municipal Hail Insurance Association purchased within the last year something about $300,000 of Saskatchewan farm loan debentures. This Municipal Hail Insurance Association is an organization of rural municipalities that may come in by a majority vote to operate a hail insurance organization. It is the hope of the Directors of that organization to build up a substantial surplus, so that the risk of insurance may not only be spread over a considerable acreage, but it will also be spread over a considerable number of years. In some years the hail losses are heavy, and in some years they are lighter. It is the hope of the Association to build up a surplus of $2,000,000 or $3,000,000, and some people talk higher than that. That money would be lent on farm loan debentures.

Q. A farm loan Board appointed by—?—A. By the Government.

By Mr. Robinson:

Q. Who are the members of the Association, the Hail Insurance Association?—A. They are representatives appointed by the members of the Association, that is, the representatives of the rural municipal Councils forming the Association, but that is only incidental. I only mention that to show one of the sources from which funds are secured to carry on the Farm Loans Board.

By the Chairman:

Q. Tell us what your success has been; has the interest been paid promptly? —A. During the past two or three years the Board has had a good deal of difficulty in getting its interest paid.

Q. You have $8,500,000 out?—A. Something like that.

Q.You have between $8,000,000 and $9,000.000 out?—A. Yes.

Q. How much overdue interest have you?—A. I have that here. The management of the Farm Loans Board consists of three members; the Chairman is Colin Fraser, who is an experienced loan man, and the other men are representative men of the Province.

Q. Appointed by the Government?—A. Appointed by the Government.

By Mr. Caldwell:

Q. How long a term are these loans made for?—A. They are on the amortization plan; thirty-two years I think. I think it takes thirty-two years to retire the loan.

Q. At 6½ per cent?—A. 32 years at 6½ per cent retires the loan.

Q. Principal and interest?—A. Principal and interest.

By Mr. Munro:

Q. Are the payments payable twice a year?—A. No, I think annually. I do not appear to have that with me.

By the Chairman:

Q. Can you give us any idea how much is outstanding?—A. No, but I should say that there is probably a substantial sum outstanding in principal and interest.

By Mr. Sales:

Q. How much money is invested altogether?—A. Something between $8,000,000 and $9,000,000 has been invested in the loans.

Q. But how much invested?—A. In the purchase of the debentures?

Q. Yes.—A. The whole sum.

Q. How are you going to be able to repay the hail insurance, Mr. Hamilton; I understand it is at 6 months notice?—A. Three months, I believe.

Q. Supposing the hail caused a very severe loss and you required all the money, how are you going to get it?—A. The Government takes that risk. In the selling of debentures of this kind, which are on three months call, that is, any man can ask the Government for his money in three months, where an organization such as the Hail Insurance Association has a large sum, the Government takes that risk. We found as a matter of practice in 1921 that the Association required to draw on its surplus in order to pay the losses in 1921, but they found it financially to their advantage to go to the bank and borrow the money rather than ask the Government to redeem the debentures. The municipalities only required the money for a shorter period, and they were able to borrow the money at the the bank and did not require the Government to redeem the bonds.

The municipalities only required the money for a shorter period, and they were able to borrow the money at the bank and did not require the Government to redeem the bonds.

By the Chairman:

Q. What is the name of the chairman, sir, again?—A. Colin Fraser.

Q. His address is Regina?—A. Yes, Chairman of the Farm Loan Board.

Q. Have you got many applications for loans under this scheme?—A. Yes, many applications.

Q. More applications than you can fill?—A. Yes, very many.

Q. Because the ordinary mortgage rate is 8 per cent straight, is it not? —A. Yes.

Q. So, with the amortization feature, 6½ per cent with amortization must be, I suppose, 6 per cent or even less than 6 per cent, I do not know.

Mr. MUNRO: Then they have the power to redeem that loan any time they want to?

The CHAIRMAN: Yes, but they would not want to redeem it at that rate.

Q. At any rate, suppose I am a farmer, not living around Abernethy, because there I would hardly need to borrow money, but suppose I was ljving in some other part of Saskatchewan, and I needed to borrow money, how would I go about it to get money from your Board?—A. You would make application to the manager of the Farm Loan Board.

Q. Where?—A. In Regina; you make application directly to him.

Q. And then, would the loan be made by the Farm Loan Board directly to me as an individual?—A. Yes.

Q. What investigation would be made?—A. They have their inspectors who go out and make an inspection of the property.

Q. So really they would just work exactly as if they were a private loan company?—A. Exactly the same.

Q. No collective responsibility for the loan?—A. No, it is an individual matter.

Q. It is an individual matter?—A. Yes.

The CHAIRMAN: Are there any other questions, gentlemen?

By Mr. Gardiner:

Q. Mr. Hamilton, you made the statement a moment or two ago that 6½ per cent of interest per annum paid both the principal and interest in thirty years.—A. Yes, thirty-two years, I think.

Q. I have a table here from this organization, from the head office—

The CHAIRMAN: I just barely hear you, would you speak a little louder, please?

By Mr. Gardiner:

Q. I have a table here that hardly bears that out. For instance, the first instalment will be on interest $65, principal $11.58. The last instalment in the thirty years is $4.68 interest and $71.90 principal.—A. Yes, probably that is right; I told you at the beginning that I did not pretend to be any authority on this question.

The CHAIRMAN: What did that make, Mr. Gardiner?

By Mr. Gardiner:

Q. I will pass it to you, Mr. Chairman, and you will see that 6½ per cent does not pay principal and interest. The principal is amortized, but perhaps the Committee might go away with the idea that that percentage would redeem principal and interest at the same time.—A. I think that is correct. That is, the annual payments are amortized for a period of thirty-two years, and 6½ per cent is the rate of interest that is charged.

The CHAIRMAN: Are there any other questions? You have been studying this, Mr. Gardiner, some questions might suggest themselves to you that do not suggest themselves to me.

Mr. GARDINER: No, I think not. The only thing is this, that I might ask whether Mr. Hamilton has any information as to the amount of mortgages put on during the past two years?

Mr. SALES: Through this organization.

By Mr. Gardiner:

Q. Yes.—A. No, I have not. Unfortunately that statement has been mislaid some place. I had some information on the Farm Loan Board but unfortunately I do not know what has become of it.

Q. There is another question, Mr. Hamilton. Do you know whether this organization has sufficient funds to meet all the applications for mortgages? —A. No, it certainly has not.

Q. They are tied up for funds. You do not know, I suppose, to what amount they are short?—A. I know they have many applications, and I do not see any reason why all the people having borrowed money on a first mortgage would not want to transfer it to the Farm Loan Board if they had funds sufficient to supply the demand.

Q. Are there many people at the present time putting on mortgages in the province of Saskatchewan in order to pay their taxes, for the purpose of keeping their land from being sold in default of payment of taxes?—A. I do not know of any.

Q. Never heard of such an unfortunate instance, of a farmer having to mortgage his property in order to pay the taxes, in order to save the property? —A. No. I have heard of many cases, I think I have heard of a number of cases where mortgage companies have paid the taxes to prevent the land being sold for taxes, but I do not know of any case where the man mortgaged his land for the purpose of paying the taxes.

By Mr. Munro:

Q. Do you think, Mr. Hamilton, it is the function of the Federal Government or the Provincial Government to provide funds of this nature for the farmers to borrow?—A. I do not know. I think agriculture is of national importance, and I would not say whose duty it is to perform a function of this kind. Evidently, the Government of the province of Saskatchewan looked upon

it as a matter in which the province might very readly take an interest, when they have used the credit of the province for the purpose of financing the undertaking.

By the Chairman:

Q. Let me just ask a question here, Mr. Hamilton; is it the province that directly borrows this money, or the Farm Loan Board?—A. The province borrows the money.

By Mr. Munro:

Q. I was going to suggest that it appears from the evidence that they are borrowing money as cheaply as the Federal Government, and if that is so it seems to me that is the safest way to deal with it.

Mr. SALES: They cannot borrow suffcient.

Mr. MUNRO: The aggregate borrowing capacity of the various provinces ought to, in the aggregate, amount to almost the borrowing capacity of the Federal Government.

The CHAIRMAN: Yes, but there is this to be said, the aggregate borrowing capacity of Saskatchewan might be very low, might be quite below the aggregate borrowing need of Saskatchewan, while the aggregate borrowing power of Quebec might be very much above the aggregate borrowing need of Quebec.

Mr. MUNRO: That might be true in a general way, but if you were looking to the value of your holdings the security would have to be measured more or less by the resources of the provinces.

By Mr. Hammell:

Q. What is the per capita debt of your province?—A. I could not tell you that off hand.

Mr. CALDWELL: In regard to the question as to whether it is a federal or provincial matter, the Province of New Brunswick, although urged very strongly to pass the Farm Loans Act, at the recent session, passed the buck by authorizing the municipalities to do so.

Mr. SALES: I was interested, Mr. Chairman, in a remark of Mr. King's yesterday. It looks to me as though the Government should invest some money in your Provincial Farm Loan Board. If I followed him aright, then you would be able to pledge your securities with the Government, and on that they would issue notes, The bank would place these notes with the Government and issue their own notes. Now, am I right, Mr. King, in that deduction?

Mr. THOMAS KING: I am afraid I did not quite get that.

Mr. SALES: I am talking of this Government of Saskatchewan Farm Loan Board, in which they receive mortgages under securities.

Mr. KING: Yes.

Mr. SALES: What is wrong with them pledging or depositing them with the Government, and having the Government do the same as they do with the banks, print treasury bills, and furnish them money as against these securities?

Mr. KING: The objection might be that as the Federal Government is furnishing the money they would want to know about the security.

Mr. SALES: Yes, but on first mortgage securities.

Mr. KING: Of course, if the Province underwrote them and guaranteed them—

Mr. SALES: If a bank had these securities could they not go to the Government and pledge these securities, and the Government issue treasury notes to

the bank, and then the bank would deposit these notes with the Government again and print their own notes and put them into circulation?

Mr. KING: That is what they would do, as a matter of fact. If the Government is to furnish the credit, why should they not get the 5 per cent profit off the circulation? That is what would come up.

Mr. SALES: That is what I want to know. Then this is a workable scheme provided we could get the co-operation of the Federal Government with the Provincial Government?

Mr. KING: I see no reason at all why the Province of Saskatchewan could not issue debentures against these notes and mortgages and borrow money on them from the Federal Government, and I think the Federal Government should issue their own notes, issue their own money.

Mr. SALES: That is, the Federal Government should treat the Province of Saskatchewan debentures exactly as those of a bank?

Mr. KING: Yes.

By Mr. Sales:

Q. Do you get that, Mr. Hamilton?—A. Yes.

Q. Then I think you would be able to make your scheme go, because all that is wrong now is a shortage of money?

Mr. KING: You have to look to investment of capital in a thing of this kind, ordinary liquid bank deposits.

Mr. SALES: Thank you, Mr. King.

The WITNESS: If I might be permitted now, just to summarize what I tried to say this morning—I felt that I did not just make my point as clearly as I wanted to. As Minister of Agriculture, and as a Department of Agriculture in the Province, we are dealing largely with questions of production, and to some extent with questions of marketing. I endeavoured to show this morning that if agriculture is in a condition of depression, it is not due to lack of production to any very considerable extent. I endeavoured to point out that we have varied conditions in our Province and that there is need for a good deal of investigatory work, experimental work, and that there is need also for educational work, and I wanted to make an appeal to the Committee, that it might reach the ears of the Parliament of Canada, that this matter of further experimental work and further education work would receive due consideration. We had in Saskatchewan in 1920 what we termed a Better Farming Commission, which made a study of farming conditions in Southwestern Saskatchewan, where conditions had been the worst. From the observations and study made then, and from the further study that has been given to this matter, we are of the opinion that an endeavour should be made to establish it as a fact that there is no portion of the Province of Saskatchewan in which farming operations cannot be carried on successfully, provided that the proper system is adopted. In the first place, we have the proper area for a farm, we have the proper system of cultivation, and we endeavour to grow suitable crops. We have found that from our inquiry, and we think that the Dominion Government, on account of their interest in agriculture, should assist the province in this endeavour to establish that as a fact, and to convey the information that would be derived from such a study to the people, and in this connection I would like to make an appeal to the Committee for a recommendation of a continuation of the agricultural instruction grant to the provinces of the Dominion.

Now, with regard to the question of marketing, in order that we may secure the highest price we can for our products, and try to balance up the difference in revenue, and what we require to carry on our operations and our living conditions—in the matter of marketing, co-operation has, we think, been a great benefit in the conditions of marketing. We believe that the Saskatchewan Elevator Company and the United Grain Growers have been good things in the grain trade. We think our co-operative creamery and co-operative marketing of live stock, and the co-operative marketing of farm produce has done a great deal to improve our marketing conditions. I am disposed to think that the farmers are able to pretty well assure themselves that they are getting a fair return for their products by the development of our co-operative systems. Now, on the other hand, with regard to what we have to buy, the matter of transportation comes first. That is a matter that we have not so well under our control. With regard to the railways, I think that the condition is probably rather healthy, to assure the producers of agricultural products that they are not being unduly charged, since it is under the control of the Railway Commission, and since we have our National Railways in competition with the Canadian Pacific Railway, the other competitor for railway transportation. I am of the opinion, and I have always been quite an advocate of the writing down of the capital costs of the Canadian National Railways to its actual value, and then I think we would be in a position to put it right up to the Board of Directors and say, "Here, we have written this down to its actual value, we have put your capitalization on a basis equal to that of your great competitor, the C. P. R., and we can now look to you to make good." For this reason, I am rather hopeful of the question of transportation as far as rail is concerned. Of the lake and ocean transportation, we have not the same assurance, and I do not know—if the Federal Government finds that they cannot successfully operate the Merchant Marine, then I am not sure but what some of our big co-operative concerns, some of our big grain marketing concerns, might not find it advisable to undertake the operation of a line of steamers in order to carry these goods—while the Chairman shakes his head—.

The CHAIRMAN: No, I did not shake my head, but I was just thinking at what a very modest price some of your large co-operative associations could buy some of these ships, if you wanted to purchase them now.

The WITNESS: I think it is a big undertaking, and I am not recommending it to them, but I think that there should be some control of our lake and ocean transportation to see that we do not have a repetition of the lake rates of the past season.

By Mr. Sales:

Q. How would you control ocean transportation?—A. I am not saying that. I said that you have endeavoured to control prices in marketing by co-operation, by entering into the trade. Well, the Dominion Government entered into the trade in the Merchant Marine, and now are proposing to withdraw. I think that should have been a good thing in the trade, but if they withdraw then I think in some way—I am not suggesting a remedy, I have not given enough consideration to it to recommend a method, but in some way we should endeavour to make sure that we have not a repetition of the lake rates of last fall. There is no use of investigating these things after the thing has taken place, it is very much like locking the stable door after the horse has been stolen.

That is with regard to marketing. With regard to what we have to purchase, the great difference between the price that we receive for the products of agriculture and what we are required to pay for those things we require.

Those engaged in the industries of this country, manufacturers of one kind and another, and those who are engaged in the work of distributing, they have a duty to perform, they have a duty to themselves and they have a duty to their country, and they have a duty to their fellow-men, and I think it is their duty, that they should give the matter of manufacturing and distribution very careful consideration, because it would appear to be evident that some place there is either inefficiency or somebody is taking too large a margin of profit. I am not able to point the way in that regard, but the conditions certainly cannot go on as they are, very long. We have been drawing on our resources as agriculturists for the last two or three years, to a very considerable extent.

I am not unhopeful—I do not want to picture any black picture of conditions in Canada for the agriculturists, and in Saskatchewan in particular, because I am exceedingly hopeful, I believe that we have a great country that is capable of great production, and I think if all the people, who engage in agriculture and in industry of other kinds and in commerce, and those in our legislatures and in our parliaments, if they would give this matter their very favourable consideration, I have not a bit of doubt but that they could succeed in solving the difficulty.

By Mr. Sales:

Q. Just about two questions, now. I suppose you are still in favour of a wheat board?—A. I think it would be a very economical way of marketing our wheat.

Q. Do you think a reduction in the tariff would help the farmer in the West?—A. I certainly do.

Q. And the elimination of the tax on the necessities of life, enabling the workman to work for less, and that might come back to the farmer as well?—A. It would help, but then we have to have some revenue for the country.

Q. But you cannot get it from the man who has not got it?—A. You have me over my depth in water now.

By Mr. Caldwell:

Q. Would it be feasible to make it lower on the necessities of life, and make it higher on the luxuries?—A. That is not my line of business.

Just one other thing, I wanted to say to the Committee, and that is with regard to the statement that I produced last year. At the request of the Chairman I propose to revise that statement and bring it up to date, but I would like the Committee to use it fairly when it comes. I would like to have the Committee take into consideration the statement that was made last year—that statement of the cost of producing wheat in 1921—and the statement that I have made to-day with regard to agriculture generally. I think, in my evidence to-day, I made the statement that if you would take any one particular product of the farm, you might find a very great difficulty in showing a profit on that particular item of agriculture, but that it is in the uniting of these various kinds of production by which we are able to show a profit on our farming operations. I would like you to take that into consideration when you are comparing the statement of this year with that of last.

By Mr. Sales:

Q. Surely, if you can take each separate line, and show a loss on it, you cannot put them together, and make a profit?—A. It is very nearly like that, sometimes.

By the Chairman:

Q. Just one moment before you go; I do not want to detain you more than a minute, but this agricultural instruction, you want more money from the Federal Government for that?—A. Not more, we would like to have what we have been getting. Our share of the $10,000,000 or $11,000,000 is about $80,000 a year.

By Mr. Munro:

Q. For technical education?—A. No, not technical education, agricultural instruction.

By Hon. Mr. Sinclair:

Q. How are you spending that?—A. In Saskatchewan we have divided it equally between the College of Agriculture, the Department of Agriculture, and the Department of Education. We believe, to teach it efficiently, it should become part of the curriculum of our schools.

By the Chairman:

Q. To teach agriculture?—A. Yes, it should become part of the curriculum.

By Mr. Robinson:

Q. Should it not be specially applied in the rural schools?—A. We do give it special consideration in our rural schools, not on the curriculum, but the Department of Education has a staff, a director of education, and through educational associations, the boys' and girls' clubs, a good deal of interest has been created in the production of better live stock, in particular.

By Hon. Mr. Sinclair:

Q. You equally distributed it between these three main lines of expenditure?—A. Yes.

Q. What you give to the college is used in just ordinary college work, or do you require them to teach agriculture?—A. Yes, the agriculture extension work is largely under the College of Agriculture in Saskatchewan, not under the department.

Q. It is worked through the department?—A. Yes. Our agricultural societies are under the direction of the College of Agriculture, although the grants are paid by the department.

Q. That is spent out of the portion you give the college?—A. Yes.

Q. Do you earmark what you give for education?—A. All the various sums are earmarked.

Q. How are they spent?—A. The Department of Education?

Q. Yes.—A. That is spent through the Director of Agriculture; he is an agricultural director under the Minister of Education, and his time and his staff is employed in organizing the rural districts, the boys' and girls' clubs, and holding fairs in the fall, and generally creating an interest in agricultural pursuits among the boys.

By Mr. Munro:

Q. Through the public schools?—A. Yes.

By Mr. Robinson:

Q. That is not making it a part of the educational system?—A. It is not, no, that is not making it a part, but we are of the opinion that agriculture should be more and more inculcated into the curriculum of our schools.

By Hon. Mr. Sinclair:

Q. How do you spend the amount you spend under the government?—A. A large proportion of it, a considerable proportion of it, has been spent in a number of years in the operation of a Better Farming Train. The railway companies, the Canadian Pacific Railway Company and the Canadian National Railway Company supply all the equipment and operate the train free of charge. The College of Agriculture and the Department of Agriculture equip the train with a stock and with lecturers, and the train travels a number of weeks through the province, and the lecturers speak all over the province. This is an endeavour to bring the College of Agriculture to the people. We have in addition to that, let me say, in the southwestern portion of our province, where the agricultural conditions have been the most unfavourable, we have at the present time some five or six special representatives, who are being paid from this agriculture instruction grant.

Q. Now, Mr. Hamilton, how do the finances of your province stand? You have made a request that we continue the grant for agricultural instruction. If we do not continue that, have you money enough to make it up?—A. I do not know; the provincial treasurer, when he made his budget speech at the last session, reported in the fiscal year a deficit of $52,000.

Q. With a total revenue of—?—A. Our total expenditure, probably—our current revenue is about $10,000,000, probably; not taking into consideration the capital expenditure, the current revenue is probably about $10,000,000.

By Mr. Munro:

Q. What supervision, if any, does the Federal Government have over the loans they make the provinces?—A. The various departments under whose direction it is expended are required to make a report. It is earmarked for that particular work, and we are required to report what has been done with it.

Q. Do they have an inspector travelling over the country?—A. I do not think so.

By Mr. McKay:

Q. It is a subsidy?—A. Yes, for that purpose. It might be of interest, in this connection, to note that the Government of the United States adopted a similar policy before, I believe, the Government of Canada adopted that, and very recently they increased and renwed the vote for that purpose. We think, with regard to agriculture, that the Federal Government has an interest on account of its power under our constitution, and on account of the national importance of agriculture.

Witness retired.

GEORGE BEVINGTON called and sworn.

By the Chairman:

Q. You know something about rural credits?—A. Well, I do not know how much, may be a little.

Q. We have been informed that you have something of value to say about rural credits, and we would like you to tell us what you think about rural credits, and give us details of the various schems in operation and suggestions for their betterment?—A. Well, Mr. Chairman, I did not know what was expected of me coming here, so I have not anything prepared, no data or anything of that kind.

Q. We have had lots of figures here to-day, and I think if you would lay down some general principles illuminated with common sense, and of practical application we would like to have them.—A. Well, I have some ideas along the lines of credit extension, and I do not know that I would say that they are confined to agricultural credit extension.

Q. If you can confine it to agriculture, I wish you would. I do not want to go into the matter which you have been discussing before the Banking and Commerce Committee, because there was an understanding between the chairman of that committee and myself, that we would endeavour to look into the question of rural credits, and they left that to us. I do not want to duplicate the work?—A. In order to understand the proposition I have in mind, so far as rural credits are concerned, it would be necessary to take up a little of your time in dealing with our general money and currency system.

Q. If it is necessary to a proper understanding of your suggestions, we would be glad to hear you?—A. It would be entirely necessary in order to understand what this would mean if it was brought into effect. For the benefit of the Committee, in case there may be some who do not understand, it may be well to start this recital by stating very briefly how our present banking system comes into existence and operates, because it is right on that system that I would base the scheme I wish to put before you. At the present time, all credit extension, except that credit extension that is made directly by Governments themselves through the sale of bonds, comes either directly or indirectly from banks. There may be a small amount that goes from one individual to another, but that again is built up through the operation of our present money system. Our present banking system came into existence a good many years ago, and is a kind of a growth. It has grown into what it is, but I want to state just how it works to-day, without going back over the history. Under the present Acts that we have on our Statute Books, if a bank wishes to organize, five persons make application for a charter. After they secure a charter, they would be required to sell $500,000 of stock to somebody and secure $250,000 paid in cash to the treasury board. After complying with a few other necessary details of organization, they would make application for a certificate to do business as a bank. The Finance Minister would pay over to this new organization all of the money deposited with him, using the $250,000 as a minimum amount, all but $5,000, keeping $5,000 for the purpose of a circulation redemption fund. Now that constitutes a bank; that is the way they are organized at the present time. This new institution has the right to issue an amount of new money in the name of the new bank equal to its paid up capital, which is $250,000, deducting $5,000 that is deposited in the circulation redemption fund, this new institution would have $495,000 with which to commence business. Now, that is the basis on which a bank comes into existence and starts business. The notes issued by this bank are guaranteed only and redeemable only in the assets of the bank, which in this case is simply its paid up capital. Later on, it may be, all of that, plus its accumulations or undivided profits and so on.

Q. Should you not take into consideration the liability of the shareholders? —A. That is not necessarily an asset.

Q. It is an asset in the case of insolvency?—A. Only if it is a tangible one, because there is nothing in the Bank Act that requires a man to have any other property but his bank shares, so it is a very doubtful thing.

Q. To what extent is its value?

Mr. MUNRO: It is recoverable.

WITNESS: Oh yes, but I fancy that if a number of men being the shareholders of a bank, found it was getting into a very precarious condition finan-

cially, those are the men who would be the most likely to change their property to some other name, straw men for that matter.

By the Chairman:

Q. But if they withdraw before failure, they remain liable?—A. It is proposed to make that so.

Q. I think that is the law now, if I am not mistaken.—A. In any case, that is a matter of very minor importance. I am not undertaking to discuss the general principles of the solvency or the soundness of our institutions. I want to make clear at once that I have no criticism to offer. We have got as good as anybody has got, may be a little better than most. Now, the Federal Government, through the Finance Act, has seen fit, in order that credit extension might be made to meet an emergency—we will say the war—not wishing to discuss that, I do not admit that that was really the fact—but for the purpose of an example, we may accept it as such. The Government allowed the Treasury Board to print Dominion notes, and to take from the banks securities that had been purchased, presumably with their own notes or with their assets. Anyway, they were securities taken for loans. The Government allowed that those securities might be taken by the Treasury Board in exchange for Dominion notes at a margin of safety, with interest and so on. That, at the present time, completes, we might say, our financial system, in so far as credit extension is concerned, in the original instance. This, I want the Committee to keep in mind, is the institution through which our circulating medium comes to the people. Before any people can have a deposit withdrawable in money in the institution, loans must still be made by the institution, and it is permitted to issue paper money and circulate it. If that were stopped, and that money were withdrawn from circulation, both loans and deposits would in a very short time disappear entirely, and we would have no circulating medium whatever. We would have no monetary system. Consequently, those things grow out of loaning those paper instruments called money by some people, and being exchanged to other people for goods; they find their way back to the banks as deposits, and become available again for making more loans and such transactions, and come back again. There is the building of deposits. Loan extension builds deposits. To whatever extent loaning goes on, deposits may increase. When loans stop, deposits stop. When loans are contracted, deposits disappear. These statements can be proved by statistics, if we go back over the years of our banking enterprise. That being the basis of our present system, it is considered by everybody to be sound, and I myself will endorse that, that it is sound; just as sound as any people or government ever had. I think then that that is the institution to which we should look for further credit extension when an absolute need arises.

Q. That is for rural credits?—A. For any kind of credit. Whenever there is a further extension of credit required, it seems to me that that is the proper place to go for that extension of credit. Any other credit that we require, we will have to go outside of our country to get. We cannot get other people's credit instruments to use unless we had an asset here worth more than what we borrow from other people. Consequently, we have the asset all the time. We have the real credit the real basis and therefore we should not need to borrow credit instruments from any other people. If we do not have the asset, we cannot borrow. That is another factor to keep in mind. Now, we have the asset, and we have all the necessary machinery for issuing credit instruments upon that asset with which to make loan extensions. Now, what I propose is that for the purposes of agriculture—and when I say agriculture I do not mean it to be strictly agriculture, as you will see later before I am finished—but we are going to start with an example showing how to apply this to agriculture, and I would propose that pro-

vincial Governments, which they are perfectly entitled to do now under the law, without changing any laws, make application for bank charter by appointing the necessary five persons to make application for a charter. They would make the application and get the charter in exactly the same way as if you were organizing a private bank. This provincial board would sell the shares necessary to institute a bank to the provinical Treasury.

Q. You mean through the Provincial Treasury?—A. No, to the Provincial Treasury. The Provincial Treasury would buy the necessary shares.

By Mr. Sales:

Q. That is the $250,000 worth of stock?—A. Yes. They would buy those shares and hold those shares for the people of the province. A board of directors, complying with the Bank Act, could be appointed then by the province as the shareholder which has as well to be appointed by the shareholders of a private institution. You would comply with all the requirements of the Bank Act in every detail. There are no legal difficulties in the way at the present time. There is no Act which needs to be changed.

By the Chairman:

Q. May I point out this—perhaps you have not thought of it, perhaps you have—you say that the province should form a bank?—A. Yes.

Q. And they do so by application by five of its officials, let us say, and then— A. I would like to correct you there; not by its officials, not by any official of the Government, but five persons.

Q. I was just suggesting that they would be officials because they would naturally be the persons that the Government would ask to do this for them? —A. Yes, but when you said "officials" I thought it might be interpreted to mean persons elected to official positions; just the same as our Deputy Minister of Railroads is one of the Directors of the Canadian National.?—A. We would not suggest that at all; that would be outside any of the officials of the Government.

Q. Suppose it were entirely outside, the Government would have to guarantee against loss?—A. Not necessarily.

By Mr. Hammell:

Q. Wouldn't the Government have to guarantee these individuals?—A. It might have to pay all their expenses.

By the Chairman:

Q. I do not mean that; they would be big shareholders, and would have a double liability?—A. Not necessarily so. The Government is a shareholder, the Government buys the stock, and if the Government wishes to qualify this provisional Board they appoint in the first instance, if they wish to qualify them under the Act for the Board of Directors, it would be necessary that they transfer to them a certain amount of stock. But the Government is a shareholder do not forget that.

Q. And the Government would be subject to the double liability?—A. Yes.

Q. The Government's property is exempt from seizure, so that you could not put the Government in that position?—A. The Government's only property is its taxing power.

Q. Granting that the only property of the Government is its taxing power, it has such trifles, as Court Houses, Parliament Buildings, and so forth. I saw a Parliament Building in Regina worth several millions of dollars; at Edmonton they own Parliament Buildings worth a lot of money; there is a

Government House at Edmonton worth $100,000 that I would like to live in myself.—A. At the same time, those are only representative of its taxing power.

Q. I only wanted to show you that when you said the Government would be the same as an individual that that statement as a matter of fact is hardly correct; the Government would not offer to the depositer let us say, would not offer exactly the same security, it might offer a still better security?—A. Very much better.

Q. So it would not be quite the same. You say the Government could do just as individuals do, but that is hardly correct?—A. In so far as the law is concerned, as it stands at the present time, it would not be the same thing, I will admit; if it was, I would not be advancing it, but so far as the law is concerned, they could do it.

Q. All right; we will not argue it.—A. Having got a unit organized in that way, the Provincial Government might pass an Act authorizing the incorporation of credit societies.

Q. Rural credit societies?—A. Any kind of credit societies that would be necessary to meet the requirements of this particular scheme, whether it would be rural, urban, or anything you like. Speaking from an agricultural standpoint, or applying it to agriculture, I would say Agricultural Credit Societies.

Q. Make it just as clear as you can.—A. I will speak of it from that standpoint.

Q. By the way, are you an agriculturalist?—A. Yes, sir.

Q. Where do you live?—A. West of Edmonton. If the Provincial Government passed such an Act, they might require that the membership in a society should not be less than fifty, and that the membership should include a payment of $100 or $200.

Q. Go ahead, Mr. Bevington.—A. That would give this local unit an amount of personal investment in the institution, in the local institution; that would give it a local status, it would give it the power to make loans on farm lands we will say, or on cattle, horses, or defining various things upon which it might make loans. The Provincial Government through the banks set up by it would be in a position to direct the Provincial units set up by it in what securities they might advance to the local units that were organized as credit societies. If they instructed the Provincial unit that they might loan up to 75 per cent of the value of the mortgages that the local unit would make, or loans that they would make, mortgages that they would take up for loans, the local unit might be required to loan not more than up to 50 per cent of the value of the farms. The local unit would underwrite that mortgage to the Provincial unit for the extension of the Provincial bank notes; the Provincial unit then would be in a position to take that collateral security it had and underwrite it again to the Federal Treasury Board in case they required a further issue of money than they were able to make in their own local unit; the Provincial unit would have the privilege of issuing an amount equal to its paid-up capital; the local unit that had done the actual business with the farmers would not have any right to issue, it could only make loans, and it would issue loans on farms at a safe margin; it would loan to the Provincial unit, which had no right to issue notes, and they could underwrite it again to the Federal unit or the Treasury Board for the issue of Dominion notes.

Q. This scheme in its essence is not very different from the Federal Reserve scheme?—A. It is very very different, altogether different. The Federal Reserve Bank is a banker's bank in the first place, and in my opinion pays interest to bankers, but in this proposition I am putting forth there is no banker in it at all, it is the people using their own credit, and any interest paid would be paid to the people themselves or to their Government.

Q. A scheme of land or credit association in the first place, a deposit of the documents under which the loan is made to the person in the second place, a deposit necessarily of those instruments with the Federal Government in the third place; those three steps are not unlike the three steps they have in the Federal Reserve?—A. Yes, but in the fundamentals they are very different.

Q. You make of this a State function rather than a private function?—A. Absolutely.

Q. But the technique of the scheme is not essentially different?—A. No, just adapting the machinery we have to the needs of the public rather than to the will of a private institution.

Mr. SALES: Something the same as a bank has to do with the Treasury.

The CHAIRMAN: Exactly; not changing the function of the Treasury, not changing the Bank Act as it is, and lending up only to the margin of security, the Province itself sees after the loan in the Provincial unit bank, and only up to what the credit society itself is satisfied to loan, having in view the fact that it is personally interested to the extent of its own invested capital, leaving the appraisement to be made by those who themselves stand to lose if they make bad loans.

By the Chairman:

Q. The provision for or the providing of credit is a function for the State rather than a private individual?—A. It is a national function, to provide a circulating medium.

By Mr. Caldwell:

Q. Another point is, that all the profits would accrue to the State?—A. All the profits would accrue to the State.

By the Chairman:

Q. At our request you have applied this to rural credits?—A. To agricultural credits.

Q. As I understand it, the scheme you have outlined is one which you think would apply to credits in general?—A. The Provincial unit as a bank gives us the right to do any kind of banking business.

Br. Mr. McKay:

Q. Are you speaking of mortgages on real estate?—A. Yes.

Q. How about a short loan for sixty or ninety days for wheat, sheep, cattle, pigs, improvements to a farm and so on?—A. The local unit would exercise its discretion in that regard. It has a paid-up capital that guarantees its action, and the Provincial Government would classify the securities by legislation that would be acceptable to it for advances of money. The local unit could not loan on any kind of security which was not acceptable to the Provincial unit, because it would have nothing to loan.

The CHAIRMAN: It is now six o'clock; I cannot be present, but that is no reason why the Commitee should not sit this evening if they desire. If you do not desire to sit, to what hour shall we adjourn the meeting?

Mr. SALES: How long will it take to finish?

WITNESS: It depends upon what questions you have to ask. I can finish in a comparatively short time. It will not take me more than fifteen or twenty minutes at most.

The CHAIRMAN: Mr. Sinclair will take the Chair in my absence, and you can go ahead. I have an appointment for six o'clock. Then we might adjourn

until Monday morning at ten o'clock. I am sorry not to have had the pleasure of listening further to your interesting remarks, Mr. Bevington.

(Mr. Sinclair took the Chair.)

Mr. SALES: Shall we meet at eight o'clock, or shall we go on now?

Mr. CALDWELL: If we can finish in fifteen or twenty minutes, I think we had better go on.

WITNESS: There is quite a little bit yet that I would like to open up in connection with this subject, if the Committee would like to hear it, and I am afraid it would be rather long a time to wait just now.

The ACTING CHAIRMAN: Shall we meet at eight o'clock?

Mr. GARDINER: Let us meet at eight o'clock. This is a very interesting subject.

Mr. MCKAY: I would suggest eight o'clock.

(Agreed)

The ACTING CHAIRMAN: All right, gentlemen, we will adjourn, to meet again at eight o'clock.

(The Committee adjourned until 8 p.m.)

Evening Session

8 p.m.

The Special Committee appointed to inquire into Agricultural conditions throughout Canada resumed at 8 o'clock p.m., the Hon. Mr. Sinclair in the chair.

The ACTING CHAIRMAN: You had better go ahead with your statement, Mr. Bevington.

GEORGE BEVINGTON recalled.

The WITNESS: I do not know that I have anything more to say on this concrete proposal as to how we would organize the institution, unless there is information wanted in regard to the details. There is just one point in connection with it that I would like to mention, and that is in regard to how it would work out. The provincial unit, having a charter under the Bank Act, would be privileged to print notes against its paid-up capital, to an equal amount, plus 15 per cent, as is now provided by the Bank Act.

By Mr. Sales:

Q. Plus 15 per cent?—A. Yes, just for six months of the year, against its combined paid-up capital and reserve. Now, reserve, in this particular instance, does not mean the deposit in the central gold reserve, it means the bank reserve, as far as this 15 per cent excess is concerned. A bank might issue 100 per cent against its deposit in the central gold reserve besides that, that is the note-isuing privilege that this unit would have. That would mean that if the provincial unit found it necessary to sell its bonds for the purposes of credit extension it would sell its bonds, buy stock in its own bank with that bond issue, that is, the proceeds of that bond issue, and then proceed to issue notes again against that, under the Act. If it sold its bonds for 5 per cent, then, and got the money for that, and then was issuing an equal amount, because it had bought bank stock, it would actually be getting $2 for each $1 of bond with which to make credit extension.

By Mr. Caldwell:

Q. This bank would sell its bonds and get the money?—A. No, the provincial government, but the provincial government would own the bank, or own the shares of the bank. You get that?

By Mr. Sales:

Q. What was that?—A. The provincial government would sell its bond, we will say, at 5 per cent. It would take the proceeds of that bond and buy stock in its own bank. Having bought and paid for the stock in its bank, taking the stock certificates or shares stock in the bank, the government would be in possession of the certificates. The bank then would have had that much more paid-up capital, you see and against all of its paid-up capital it has the right of this note issue. You see how you would double up.

By Mr. Caldwell:

Q. What would guarantee this issue?—A. The assets of the bank, under the Bank Act.

Q. I can see a weakness.—A. I am not going to undertake to discuss weaknesses at all, because it is exactly the same kind of bank as any one that now exists. I just said that, not going into the merits of the banks under the present system, but that is all right and would be all right because it is exactly the same kind of an institution, not one iota of change in any one point of law or fact.

Mr. SALES: Let us have your point, Mr. Caldwell.

By Mr. Caldwell:

Q. The Government owns a bank. It incurs a liability by selling its bonds? —A. Yes.

Q. On which it pays interest?—A. Yes.

Q. It turns the proceeds of that liability into the bank to buy stock?—A. Yes.

Q. And it is allowed to issue paper money against the liability?—A. Yes.

Q. Not against an asset?—A. Yes, it is against the whole asset of the province.

Q. That is it exactly, but that asset, that would be gained by incurring the liability; it is not an asset to the province, it is only a liability and they must pay interest, it is a liability that is costing them money that they are paying interest on?—A. Yes.

Q. Still, you would allow them to capitalize it and issue paper money against it?—A. That is exactly what has been done in the building up of the present banks. I can show you by the records where any amount of the bank stock has been paid for by a shareholder in the bank simply depositing his note to pay for the stock, and they go on and issue notes against that.

Q. Is that allowed?—A. Yes, it has been done right straight along, and the bank paid-up capital of this country has been built up that way.

Q. Do you think that is sound?—A. I am not questioning that; all our bankers in the world tell us we have the best system in the world.

Q. All the bankers tell us that?—A. Yes, all the bankers of the world.

By Mr. Sales:

Q. Can you prove that bank stock has been issued that way?—A. Yes, I can give it to you in Sir Edmund Walker's own words, in his printed statement, and he does not deny it, he has not denied it on the stand yet.

By Mr. Caldwell:

Q. Take, say, the present banking institutions we have in Canada, and supposing every depositor should demand his money on any one day.—A. They are all broke that night, every one of them.

Q. Then they are not solvent, they are not able to meet their liabilities?—A. No.

By Mr. McKay:

Q. They are solvent, in a way.—A. They are solvent just as long as the people are satisfied that the Dominion note is good.

By Mr. Sales:

Q. You mean, Mr. Bevington, that their capital is locked up, and they could not actually realize the money?—A. They owe their depositors, that is, the banking system of Canada, taking the 17 banks, they owe their depositors to pay on demand four times as much money as there is in existence in Canada.

Mr. McKay: That is all right.

By Mr. Caldwell:

Q. Just as long as less than one-quarter of the people want their money, they are all right.—A. Absolutely.

By Mr. Munro:

Q. That means of course, when you say four times as much money in Canada, that would include all the assets of the banks?—A. No, I am talking about money.

Q. That would include the money they might have in New York, for instance?—A. It would include that, yes.

Q. And their available cash assets?—A. All the available money, including the gold reserve of the Dominion, the Dominion notes and the bank notes, and all silver and copper, if it were all combined it would only pay less than one-quarter of the banks' deposits, that are payable on demand.

By Mr. Caldwell:

Q. Supposing the banks of Canada to-day demanded that all loans be paid by a certain date; is there enough money in existence to pay these loans?—A. There is not enough in circulation out of the hands of the banks to-day to pay more than about one-twelfth of the loans.

Q. I guess I fairly understood the banking system then, because that is the conclusion I had arrived at.

By Mr. Sales:

Q. With regard to this rural credits scheme of yours, what changes in the Bank Act would be necessary to put it into operation?—A. None whatever.

Q. No changes with regard to the Treasury Board?—A. None whatever. It might be necessary that the House of Commons here should undertake to define the duties of the Treasury Board, but if the Treasury Board was inclined to operate for this banking institution that we are talking about in the same way that it has operated for the other banks, then there would be no need whatever of any action being taken by the House of Commons.

Q That is if the Treasury Board was sympathetic towards the provincial banking scheme and was willing to accept its securities?—A. Yes.

Q. And in turn print legal, what do you call that?—A. Legal tender.

Q. Legal tender, there is nothing needs to be changed in the scheme?—A. Nothing at all.

Q. Would it be necessary to change the act to this effect to allow the bank in the country to lend money on land?—A. You are talking about the local unit?

Q. The local unit?—A. The local unit under this proposition is not a branch of the provincial unit. The provincial unit is a bank just the same as any one of these other banks, and the local unit we are talking about as an agricultural loaning unit, is not a branch of that bank.

Q. You do not intend that shall be a bank?—A. No, the Credit Association comes into existence under an Act of the provincial parliament, wherein the provincial parliament undertakes to organize these units, or allow them to be organized, so that they will function in the making of loans in a way that would be satisfactory to the provincial unit, being so that they would get a certain class of securities on which they would extend the bank's note.

By Mr. Caldwell:

Q. You stated a while ago that the present bank stock is sometimes paid for by a note of the shareholders?—A. It has been according to Sir Edmund Walker.

Q. With regard to the first quarter of a million that a bank must have paid up before they would get a charter—?—A. That has to be deposited with the Treasury Board in what is called cash.

Q. What do you mean by that, what is meant by cash in that case?—A. Anything that is functioning as money and recognized to be money by law.

By Mr. Sales:

Q. A certified cheque for instance?—A. Yes, a certified cheque would be satisfactory.

By Mr. Milne:

Q. Would these banks receive deposits the same as the others?—A. Now you are getting into details of operation. The bank would be in the hands of the province because the province would be the shareholder; now you are getting into the operation of the bank. The operation of the bank would be entirely at the direction of the provincial legislature in so far as they, as shareholders, might direct it, but the Board of Directors of this provincial unit would have to conduct that unit in accordance with the Federal Bank Act under which they are chartered, so that the provincial government could not interfere where there interference would conflict with the Federal Act.

By Mr. Sales:

Q. They would have all the power to do everything that any other bank could do under their charter?—A. Yes.

By Mr. Caldwell:

Q. Just on that point I think it is a pretty well accepted fact that the banks control credit at the present time?—A. Yes.

Q. By controlling credit they control production?—A. They control prices and everything else if they wish to exercise their power.

Q. Do you think that would be a healthy thing to put into the hands of the provincial government?—A. The provincial government is not making the loans.

Q. But they are furnishing the capital to make the loans?—A. Yes.

Q. In that way they would have a regulating influence?—A. It is the provincial parliament that would be doing it, not the government of the province, because parliament would be the—

Q. But there is this fact that may be we are losing sight of, that nobody but a member of the government can bring in a money bill in either a provincial or the Dominion Parliament, so that Parliament really does not have the say as to what should be brought in as a money bill?—A. Parliament can bring in a money bill if it wants to through the Minister.

Q. The government can through the Minister?—A. No, Parliament can through the Minister.

Q. If the Minister will bring it in?—A. But Parliament could put in a Minister that would be amenable to its will.

Q. I think we will disagree about that; Parliament does not appoint the Minister, the party in power selects the Ministers?—A. Yes, but the members can at any time that a government will not abide by its will, by simply blocking things or by a vote of want of confidence, destroy that government.

Q. Unless the government can command the confidence of the majority of the Members of the House?—A. Yes.

Q. Supposing you had a government in power that was not in sympathy with this thing, and they had a good majority in the House, I can see a difficulty?—A. I can see that province would not get a provincial unit until they elected the right kind of a government.

Q. The whole thing hinges on a political party making capital out of this thing?—A. Exactly.

Q. That is one of the very few weaknesses I have seen in it so far?—A. But we will never get out of the position that we are in as a people until the people themselves make up their mind to exercise their duty of citizenship.

Q. Do you ever hope to live to see that day?—A. Yes, I think conditions will be such in a short time that it will make everybody exercise their duties as citizens.

Q. The tendency is in that direction, but it will take a long time to bring it about?—A. We are pretty near there in the West; I don't know how you are in the East.

By Mr. Sales:

Q. There is one thing I am a little afraid of, and that is the issuing of this legal tender by the Treasury Board to the provincial banks, is there a limit at the present time as to the amount the Treasury Board will issue to the existing banks?—A. No.

Q. Then is not there a danger of us going so far that we will get so much currency printed that we will get into the same condition that Germany is in? —A. It is not issued simply when it is printed. When money is printed it is not issued, it is only issued when it goes out to the public; it would not get out except a loan was made and securities deposited; in that case the securities would draw some interest to the provincial unit or the local unit or to the Federal Treasury; if it drew interest it would be in the interests of the borrower to pay it back as soon as he could and stop the interest. A borrower would take out money and when money became very plentiful he would be able to get some money and go back and pay off his loan.

Q. I take it there would need to be an issue of money by the Treasury every time there was a loan made?—A. No.

Q. Supposing we get the million dollars out in loans against land, that is; suppose I have borrowed money as a farmer, I need to use it for lumber or necessities of some kind or another, and it goes into circulation, and it gets

back into the bank again and can be loaned again, it would be only when they are short they would have to go to the Treasury Board again?—A. In exactly the same way they do through the present system.

By Mr. Caldwell:

Q. That is after you get enough currency issued to carry on the business of the country, it would become a revolving capital?—A. Yes, any interest that was paid on it would reach either the provincial or the Federal Treasury.

By Mr. Sales:

Q. Have you any idea how much actual currency there would be in an ordinary town in the west, actual currency bills?—A. All of that that we call money?

Q. What we call money, handed out from a bank for the community's use? —A. At the time that we had the largest volume of money in circulation, that would be about the end of the year 1920, we had $74 per capita in Canada in circulation, that is may be not all in circulation, but available for circulation.

Q. What was the amount of business done per capita?—A. I could not tell you that right offhand now in that year; I would have to go back to the statistics for that.

By Mr. Milne:

Q. How much is in circulation to-day per capita?—A. $37.

Q. From $74?—A. Yes.

By Mr. Sales:

Q. I have an idea that our present banking system is largely a book-keeping system on which we are paying interest; is that correct?—A. That is perfectly correct. In London, England, the clearing house statistics show that only seven-tenths of one per cent is done with money; only four per cent is done with money in Canada according to Sir Edmund Walker's statement.

By Mr. Caldwell:

Q. The statement made in the Banking Committee here the other day, and I think here to-day again, was that loans create deposits, does not the granting of credit create deposits?—A. That is a loan.

Q. In this way, without any actual money having changed hands; supposing I want to go out and buy cattle; I go to the bank and put in some kind of security and get a credit of $4,000, I do not draw any money, I get a cheque, and go out and buy cattle and issue cheques to the farmers for their cattle, and we will consider they are prudent and thrifty and they come in and deposit that cheque to their savings account; there is a deposit of $4,000 without the bank making an actual loan at all?—A. Yes.

Q. They grant me a credit on which I pay interest from the day the credit is granted?—A. Yes.

Mr. SALES: And it is a deposit.

By Mr. Caldwell:

Q. Yes; and my loan is a deposit; there is eight thousand dollars of a deposit without the bank loaning a dollar in actual money to anybody?—A. But it has only $4,000 on a loan, but it still has the same money that it loaned before, if it had any before; consequently it has two deposits and only one loan; it is not even until it makes another loan.

Q. On the other hand we will say I got the actual money and I went out and I paid the cash for these cattle, and inside of a month that was all deposited back in the bank again, they would reloan that to someone else, supposing they

were loaning the actual money, supposing they loaned that once a month for a year?—A. They would loan it twelve times and they could do that just as many times as it is able to complete the circle between the date that the credit is first made and the due date of that first loan.

Q. But the loan, where the man only gets a cheque, would be most interesting?—A. The study of deposits and loans is a very interesting one until you get it thoroughly worked out in your mind, and some economists go to the point of declaring it is a fraud, and it is criminal according to law. I do not know but what that may be taken into court and held to be criminal according to law.

Q. To follow out my first idea of the loan grant, where a man only gets a cheque, we will say, it shows as a deposit of credit of $4,000, it acts as a deposit, does it not?—A. Yes.

Q. Then I gave these cheques to the farmers and they come in and deposit another $4,000.—A. Yes.

Q. The bank is shown to have deposits of $8,000 in excess of what they had when I went in and got the credit, while they have not a dollar more?—A. No.

Q. Therefore the statement of the bank's deposits may be very disappointing?—A. That is the reason why the bank's deposit show $17,000,000 on deposit, when there are only $403,000,000 in existence.

Q. It would be possible for the banks to show one million dollars deposits when they had not over $100,000?—A. The only necessity for money in the transaction at all, is in case somebody would want to draw their deposits and go out of business and go away out of the country. Sir Edmund Walker says 10 per cent is a very safe working margin.

By Mr. Sales:

Q. You would not do that. You would take a letter of credit?—A. When you cashed your letter of credit it has to be settled just the same.

Q. Unless you make your deposit again?—A. Unless you deposit it again.

By Mr. Elliott:

Q. In the case that Mr. Caldwell illustrated, where a sum of money, we will say $100,000 was reloaned out twelve times during the year, what rate of interest would that money be actually earning for the banks?—A. Twelve times the interest rate charged.

By Mr. Caldwell:

Q. Not if it were returned every month?—A. It is a new loan.

Q. If the loan were repaid with the interest?—A. It is only the difference between interest that is charged, and the interest paid as a deposit when it comes back.

By Mr. Sales:

Q. If that is true, the earnings of the bank would be tremendous?—A. Well, they are.

By Mr. Caldwell:

Q. That would apply on the loan where the man only got a cheque, but it would not apply where the bank actually paid out their currency.—A. The currency only functions in the first transaction. After that it is simply a cheque. In the first instance there is no money, because the bank does not lend gold on Dominion notes. It lends the bank note it is privileged to issue against its paid-up capital and its paid-up capital is more than 100 per cent invested in premises at the present time, consequently it is loaning its notes, irredeemable in premises, so it only loans to the public its own promise to pay, and that goes

out and comes back in to the banks as a deposit by somebody. Well, when it comes back in, that individual has a right to demand payment of the note, but if he did demand payment of the note the banker could only give him his property, or a Dominion of Canada note, since that is the only way in which the banker could really pay the man. When he comes back and presents the bank with its own promise, the banker says to the man, "I will give you three per cent if you will leave this with me and not ask me to pay it." Consequently he goes loaning out his own promise again to the public at probably six or seven per cent, that he has paid three per cent for the privilege of deferred payment on, but just as often as he does that, or earns the difference between the price he pays for it as a deposit and what he gets for it as a loan, all the time he is only loaning his own promise to pay.

Q. If he reloans that once a month for a year, he is making—?—A. He is making three per cent if he takes it in at three per cent and loans it out at six.

Q. As a matter of fact, they do not loan it out at six per cent?—A. Not in our country, anyway. It is more likely eight or nine per cent.

By Mr. Sales:

Q. I would like to go back to the question of legal tender. Mr. King explained legal tender to us, and the way it was taken into the bank. He goes with approved securities, to the Treasury Board, and in return gets Dominion notes, legal tenders. Mr. King stated that they did not want to put Dominion notes in circulation, so they deposited them with the Government and printed their own?—A. Yes.

Q. If they were to take these Dominion notes and put them into circulation they would be paying five per cent interest?—A. Yes.

Q. When they deposit them with the Government and issue their own notes against them, do they pay interest on that basis?—A. No.

Q. So this payment of five per cent by the banks to the Government is a farce?—A. Do not get that idea. The banks, to get the notes from the Government, must deposit securities that are satisfactory to the Government, which bear five per cent per annum to the Government all the while that they hold them in the Treasury Board. Now, the banks, having got into possession of Dominion notes, may take them and deposit them in the central gold reserve in lieu of gold, and print their own notes against them and circulate it. Consequently it would be paying five per cent for the privilege of issuing their own notes to the extent of the security of the deposit?

By Mr. Caldwell:

Q. Would you tell us the difference between the central gold reserve and the Federal reserve?—A. The Federal is a gold reserve held by the Government as a redemption for Dominion note issue and saving deposits in the Federal Savings Bank. The central gold reserve is a reserve in which all banks may deposit their gold or Dominion notes and issue their own against them.

Q. The gold that the banks deposit in the Federal gold reserve, are they interest bearing?—A. Not what they deposit.

Q. Nor what they deposit in the central gold reserve?—A. They deposit in the central gold reserve.

Q. How is the Federal gold reserve made up?—A. The Dominion Government buys gold to-day, whenever it feels like it or pays it out. The Dominion Government, through some process in the last three months of last year, added $38,000,000 to the Federal reserve. Just how they did that is a question that might be asked of the Finance Minister.

Q. Can you answer that, how they added to that reserve? They purchased that gold?—A. They purchased the gold in some way or other.

Q. From some other country?—A. Yes, it had to come from some other country.

Q. How about the gold that is minted in our own country?—A. We do not mint any. We have never minted but a very little bit. I can tell you just exactly what was minted in a minute or two.

Q. How about the gold that is mined in our own country?—A. We do not mint but a very small amount. All the Canadian gold coin that the Dominion Government has coined, up to December 31, 1921, amounts to $4,867,000, $3,385,000 of which is in the gold reserve.

Q. The Federal gold reserve?—A. Yes, and we have stopped coining.

By the Chairman:

Q. Have you anything further to describe, about rural credits?—A. I would like to compare for a moment the cost of loans in Canada at the present time with the loaning facilities that we now have in the west, anyway, with what has happened in the United States. Under this new Act that they have passed here—this is a report from the Treasury Department, of the Federal Farm Loan Bureau—a loan made to a farmer under that Act, of $1,000—

Q. The Federal Department at Washington?—A. Yes. When paid off at the end of 35 years would amount to $2,272.50. The cost of the loan, in total interest, would be $1,272.50.

By Mr. Sales:

Q. In how many years?—A. 35 years. $1,000 loaned in Western Canada at the rates charged out there at the present time, of 9 per cent—and all our loans in Canada are practically made at that price at the present time—

By Mr. Stansell:

Q. Are you speaking of the rural credit system in force in the two countries? —A. Yes, farm loans.

Q. The General Manager of the Weyburn Security Bank told us their average was 9 per cent.—A. That is the bank I am speaking of. Loan companies that take farm loans. I was present at a conference in Calgary a little over a month ago, where we had all the bankers—we have an organization there now where bankers are represented by delegations; loan companies; fire insurance life insurance companies, all those; they have institutions that extend credit, retail and wholesale associations and all of that, and the representatives of the farm mortgage companies said that they were making no loans in Alberta at less than 9 per cent, so if you take a $1,000 loan, paid off at the end of 35 years in Canada at 9 per cent—and we find that the cost to the Alberta farmer would be $4,150.

By Mr. Sales:

Q. As against?—A. As against $2,272.50 in the United States.

By Mr. Caldwell:

Q. Both paid on the amortized plan?—A. No, but the loan paid off at the end of that period plus the interest charged in each case, without anything for the expense or anything like that, just the interest rates.

Q. That would be in equal annual payments?—A. That would be in equal annual payments. It would be figured at simple interest.

Q. In equal annual payments?—A. Yes.

Q. Is $1,000 paid at the end of 35 years?—A. I will explain the difference in a moment. The cost of the loan in the United States is $1,272. The cost of the loan in Canada is $3,150. The difference between the cost of the loan is $1,878 in favour of the American farmer, or 150 per cent difference in favour of the American farmer.

By Mr. McKay:

Q. How do you make this out? How can a man get a loan in the United States, a farmer? Are you speaking of loan companies?—A. I am speaking of the loans provided for under this Act, the Farm Bureau, the Treasury Department of the Federal Farm Bureau. That is their report of how the loans are made under this scheme.

Q. How will that compare with the loaning system of the Manitoba Government and the Ontario system, the short and long loan system?—A. There is no difference between the loans made by the credit societies of Saskatchewan, Alberta and Ontario than that made by the mortgage companies, except the rate of interest, so to find out how these things would compare with the American plan, all you need to do is to figure what the interest would be on the Ontario or the Manitoba loan as compared with the American loan. I have worked it out for Alberta and these are the figures I have given.

By Mr. Hammell:

Q. Ontario pays off at the rate of $87.18 a year for 20 years. That amount pays back the thousand dollars.

By Mr. McKay:

Q. The annual interest would be $87.18?—A. Yes.

By Mr. Caldwell:

Q. The interest would be less over a twenty year period than over a thirty-five year period.

Mr. SALES: Take it at 9 per cent.

Mr. HAMMELL: This is 5½ per cent.

Mr. SALES: You pay in twenty years at 9 per cent, and you pay $2,800 as compared with $1,714.60, one thousand dollars more under our present system. We cannot stand it; that is all.

By the Chairman:

Q. Have you finished your comparison between the credit system of the two countries?—A. Yes. That is all I wish to say in connection with that, but it is the effect that I would like to deal with for a moment or two. The Canadian farmer then, must pay 150 per cent more for the use of money than the American farmer has to pay. We have got to sell our products on the same market. We cannot hope to raise the price of the product in the market in which we are selling.

By Mr. McKay:

Q. 150 per cent more in Alberta?—A. Yes.

By Mr. Sales:

Q. Why do you say we have to sell our product in the same market?—A. Our outside sales.

Q. Yes, but you do not sell in the same market. You look at the quotation for steers in Chicago to-day.—A. I am not an expert, but where we come in competition with the United States is in the London market.

Q. Bear in mind that while we export the biggest portion of our products, the United States export the lowest, so your remark there is not fair.—A. We are assuming that we are both going to sell our surplus in some other market over and above what we consume at home. We cannot sell on their market. We have got to find another market in which to sell our surplus, just the same as they have. The idea is that the United States agriculturist is not by any means producing anything up to the limit of his ability to produce. We in Canada are not producing anything like up to our limit to produce, but we are producing up to the limit that we can produce, I was going to say, and make it pay, but we are not making it pay. We are going behind. We have to fall below that until we become more self-contained. We cannot raise the outside price. If we are producing at the present time at a loss, and you are going in the future to produce against the competition such as will be provided us in the United States, then how are we going to produce at all?

By Mr. Sales:

Q. Have you any information about any rural credit organizations in other countries besides the States?—A. Well, I could not say that I am up to date on any of those, because they have been changed, and are changing right along. Some years ago I studied German and French, and Denmark and New Zealand, and the Australian plans, but I could not say I am up to date.

Q. But New Zealand has a plan?—A. Yes, and so has Australia, and Denmark, probably the most efficient of any.

Q. Does the Government find the money in New Zealand?—A. Yes, it is found at the present time, I think, by the Government and the credit societies themselves, but the original capital that they invested in these institutions to start them running was provided by the Government.

Q. Who issued the currency in New Zealand?—A. I could not tell you that.

Q. You do not know if it is the Government?—A. No, I do not know anything about their currency.

By the Chairman:

Q. Is there anything else you wish to put before the Committee? Are there any questions?

By Mr. McKay:

Q. Have you studied carefully the rural credit system of the Province of Ontario?—A. No.

Q. And Manitoba? They are both practically alike?—A. No.

Q. Have you carefully studied them, and studied the results of their operation?—A. No.

Q. Have you any idea of the interest they pay in the provinces of Ontario and Manitoba?—A. No, only by hearsay; that is all.

Q. It is a very reasonable interest—6 per cent.

Mr. HAMMELL: 5½ per cent in Ontario.

Mr. MCKAY: 6 per cent is the highest in Manitoba.

The WITNESS: That is news to me.

By Mr. Caldwell:

Q. I was wrong on that deposit of $8,000, for the loan of $4,000, because if those cheques came in, and were deposited in the savings account, they would be charged against my deposit, so there is only $4,000, of deposit instead of $8,000.—A. Oh no, your note was still there.

Q. But he would not be credited with $4,000 of the deposit.—A. Yes.

Q. Then, as the cheques came in, they would also be credited, and then at the end of the year all the deposits would be added up?—A. No, the transaction would be this: you go to the bank, and you give your note, plus some security, and that is on deposit. You get a credit set in the books opposite your name, which is called the deposit, and the other is charged on the other side of the ledger, but what you have actually deposited is your security, and it is still there until you pay. As far as I have investigated the rural credit system in the United States, it would run about the same as here, but no more.

Mr. SALES: Eight per cent.

By Mr. McKay:

Q. The report of the rural credit system in Ontario and Alberta is a very favourable one. The evidence of the working system in Manitoba appears to be very favourable too. Do you think that a federal system embracing all the provinces would offer any advantage over the local system governed and regulated by the provinces, separately and distinctly, backed by the credit of rural legislators?—A. Before I answer that question, I would ask you for a little bit more information there. From what source do you get your money into your society to make the loans with?

Q. I will give you that just in one moment. Here is the Manitoba report—the first annual report.—A. What do they do with those debentures after they have issued them?

Q. Sell them.—A. To whom?

Q. To the general public. The rock basis of the system in Ontario and Manitoba, as I understand it, will be the township unit. If the township unit operates wisely in loaning money, and collecting their loans, there is no reason why it should not be a wonderful success. They have exercised great care in Ontario in the issuing of loans. During the year more than 4,000 inquiries were made upon the board, and this without advertising or publicity. Of that number of applications, 563 were granted. The result of the first year's business in Ontario was very satisfactory. They had not lost one dollar, I am told.—A. I have no comment to offer as to that phase of it at all.

Q. And the interest; a very low interest?—A. I have this to offer in regard to another phase of it, though; your credit societies have crystallized a certain amount of credit into a unit, which they will undertake to sell for money to loan on. Whatever your rate of interest is to your farmer borrower, it must be some rate above what you sell your debentures at.

Q. That is true.—A. The only real reason why you should sell that bond or debenture to an individual and pay interest is because you have not any better institution in existence to whom to sell it.

Q. True.—A. With the scheme I have proposed, you would have a better institution; you would sell to your Provincial Government or to your Federal Government, and if you paid interest to those institutions at the same rate you are now paying to the individual, you would have that much less taxes to pay in order to meet the expenses of government.

Q. I am only emphasizing the fact that the interest paid in Manitoba or Ontario, even at the worst, is not an abnormal rate of interest?—A. In the other case, if you wish to help these needy farmers more by reducing the rate of interest and do not charge even the Provincial unit or the Federal unit any more than is necessary for the cost of operation, you will bring your rate of interest down to under one per cent; decimal eighty-five of one per cent will cover the cost.

By Mr. Sales:

Q. I was going to ask you what would happen if you carried out the scheme Mr. King told us of yesterday, when the investor in the United States in those bonds was for instance a school teacher who had saved $1,000 and had it to invest at 4 per cent or 5 per cent—what would happen to all those people who are of saving habits; they would not be able to do anything with their savings; would there be any incentive to save?—A. Yes, just the same incentive to save the dollar as there is for the farmer to save his potatoes for the winter; he wants to eat his potatoes some day later on, and the school teacher wants to save so as to be able to keep on eating when the time comes that he cannot teach school.

Q. But he could not put it out in any earning capacity?—A. No, he could not; it is nothing in itself, it is only representative of something.

Q. So that, carried out to its logical conclusion, it would abolish interest altogether?—A. It would, to the full limit; it would keep the purchasing power in the hands of the public, always equal to the volume of goods on sale; those two things would always equate, if it were not for the charging of interest.

By Mr. Caldwell:

Q. That is getting pretty close to the millenium.—A. In that case, each and every individual would get in purchasing power the full value of their toil; they would not need to invest in anything else in order that they might earn, because production would proceed to such a stage that we cannot imagine the wealth we would be able to enjoy.

By Mr. McKay:

Q. In case the Federal Government would not adopt a scheme such as you have outlined, what would you recommend to the various units of the Dominion, the nine provinces?—A. What is that?

Q. Suppose the Federal Government would not go into a scheme such as you recommend, of long credits and short credits to the farmers, what scheme would you recommend; supposing this Committee should bring in no report advocating the establishing of rural credits to aid farmers, what scheme would you then recommend each of the provinces to adopt for the betterment of the condition of the farmers?—A. Go to the Treasury Board, get a charter, and start up on their own account.

Q. I think that is practically what they did under the United States system; Mr. King said yesterday I think that the system would ultimately work out so that eventually the bank would be handed over to the farmers.

Mr. SALES: That is what I understood him to say.

Mr. CALDWELL: The government of the United States puts up the initial capital of the bank, and every farmer who gets a loan subscribes for 5 per cent of his loan, and ultimately when the loan gets large enough that 5 per cent will amount to the $5,000,000, and the farmers will eventually own all the stock in the bank.

Mr. MCKAY: It looks like a good scheme.

Mr. CALDWELL: I think so.

The ACTING CHAIRMAN: Have you any further questions to ask of Mr. Bevington; if not, is there anything further you wish to say, Mr. Bevington?

WITNESS: Not unless there is some further information wanted. I have quite a lot of information here upon banks.

By the Acting Chairman:

Q. We are particularly interested in the rural credit side of it.—A. I just wish to say this before leaving, that no rural credit scheme nor any other scheme, whatever it may be, can ever be a success only to whatever extent the present banking interests or money monopoly are willing to allow it to be; whenever they wish to call on any of these institutions, they can do so, and break any of them at any time. Look at the Savings Bank of Ontario and that of Manitoba as an example, to show what I mean by that statement. Remember that the whole volume of money goes into circulation by the will of the banks—I am talking about money now, not credit. If the banks called that money, both deposits and loans would disappear from their books. No savings bank could then exist, because all deposits in savings banks are deposits of credit, and a depositor is entitled to draw them in money. If the banks draw in all of the money which belongs to them—and they can draw it all in by demanding payment and not making new loans—that would force a condition where the depositors in savings banks would have to go and try to draw their deposits in order to live, and to keep the money in circulation in order to do business. There being no money there, the original banks having possession of it all, they could only call upon their borrowers to bring back the money; the borrowers could not get any money, because it is all inside the other institution, and they would have to commence to sell their goods anywhere they could outside of Canada to get money to meet the demands of the depositors in the savings banks of the provinces. The result would be that they could not realize on their securities, the banks would break, they would have to go up. That power lies in the hands of the present money system.

By Mr. Sales:

Q. Which is in the hands of how many men?—A. In the hands of seventeen bankers, controlled by the Bankers' Association of Canada.

By the Acting Chairman:

Q. Mr. Bevington, the concluding paragraph of the Report of the Commission appointed to inquire into the operation of the Rural Credits Act in the Province of Manitoba reads in this way:

> "While your Commission has suggested as an alternative the development of an independent agricultural credit institution we strongly believe that economic interest and public welfare would be better served by the extension of existing banking facilities and that only the failure to secure the active co-operation of the chartered banks would justify the permanent duplication of credit machinery."

A. If the banks do not agree to it, you cannot go on with it. The only safe method for the people to pursue is, to take possession themselves of what belongs to themselves, that is, the use of their own credit. We have legislated that into the hands of a private institution in this country, and, to my mind, it is not only absolutely unsafe but absolutely dangerous to allow ourselves to be controlled by any small group of people.

By Mr. Gardiner:

Q. Another point I would like to ask Mr. Bevington about is this; in the event of any Provinical Government making an application for and receiving a charter from the Treasury Board to start a banking institution, would there be a possibility under the present existing Finance Act that the Treasury Board might discriminate against Provinical banks to the exetent that they might not

care to accept any of their securities and issue Dominion notes against those securities?—A. No, I do not think so; there might be, if the Treasury Board was left alone to exercise its own judgment and will in the matter, but I believe that pressure could be brought on by financial power strong enough to influence the action of the Treasury Board, if that power was exercised.

By Mr. Caldwell:

Q. What do you mean by the financial power?—A. That is the combination that now exists of financial control. It is not in the hands entirely of the Canadian bankers, by any means; they are at the mercy of larger institutions in Wall Street and London; they cannot meet the demands of their depositors at any time without discounting their facilities, and they have to go to Wall Street and London to rediscount. Any time those institutions want to control things, they can go on and do so, simply by demanding a return; for instance, we have a tremendous amount of bonds, we have over $4,000,000,000 of gold bearing bonds that are in the hands of other people. Suppose they wanted to do something and demanded of these institutions here that have underwritten all those bonds that they come along and pay, do you know what would happen to the country? Those bonds are payable in gold, and we could not produce any such quantity of gold.

By Mr. Sales:

Q. Would the Provinical banks not be in a rather dangerous position, Mr. Bevington, unless they had connections with the outside world; for instance, take the fall of the year, when we sell our wheat, we have a lot of money then, and do not want to borrow money at that time; along in November we are depositors of money; in some other part of the world the people have no money at that time. Their financial conditions enable them to operate all the year round. In what condition would your Provincial bank be in that regard?—A. It would be subject to the direction of the shareholders, who would be the people's representatives, in regard to what they did with those deposits. If they directed them to send those deposits out of the country, they would have to do so, but I do not think they would do that, they would use them for their own use.

Q. You think that that could be profitably done all the year round?—A. I think it could. I think their loans could be made the same as they are now, simply book them, and they could not be moved anyhow.

The ACTING CHAIRMAN: If there are no further questions, we will adjourn. We thank you, Mr. Bevington, for your attendance here, and we now discharge you from further attendance. The Committee will adjourn until Monday morning at ten o'clock.

The Committee adjourned till Monday, April 30th, 1923, at 10 a.m.

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